

GAM FCM Cat Bond Inc.

Audited Consolidated Financial Statements
for the year ended 31 December 2012

Contents

Directory	2
Consolidated Portfolio Statement	3
Consolidated Income Statement	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Net Assets attributable to the Shareholders of the Company	8
Consolidated Cash Flow Statement	9
Notes to the Consolidated Financial Statements	10
Statement of Directors' Responsibilities	25
Independent Auditor's Report	26

Directors

[Andrew Hanges](#)

Chief Executive Officer, GAM (UK) Limited, London

[Jozef C. Hendriks](#)

Company Director, Bermuda

[Maxwell L. H. Quin](#)

Company Director, Bermuda

Registered Address of the Company

Craigmuir Chambers
P.O. Box 71, Road Town
Tortola, British Virgin Islands

Sponsor and Secretary

GAM Limited
Wessex House
45 Reid Street
Hamilton HM12, Bermuda

Investment Manager

Fermat Capital Management LLC
615 Riverside Avenue
Westport, Connecticut 06880
USA

Administrator

GAM Fund Management Limited
George's Court
54-62 Townsend Street
Dublin 2, Ireland

Custodian of the Company and the Investment Company

HSBC Institutional Trust Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

Bankers of the Company and the Investment Company

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Prime Broker to the Investment Company

Deutsche Bank Securities Inc.
Global Prime Finance
5022 Gate Parkway,
Suite 500, Jacksonville, FL 32256,
USA

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1, Ireland

Consolidated Portfolio Statement

as at 31 December 2012

Holdings Description	Fair value US\$	% of Group
Catastrophe Bonds		
BOND 133	21,330,000	5.33
BOND 75	18,789,473	4.70
BOND 34	15,748,990	3.94
BOND 127	13,054,150	3.26
BOND 62	9,717,451	2.43
BOND 113	8,995,869	2.25
BOND 132	8,635,209	2.16
BOND 131	8,343,937	2.09
BOND 86	8,300,556	2.08
BOND 23	8,098,300	2.02
BOND 7	8,067,454	2.02
BOND 42	7,882,001	1.97
BOND 22	7,762,079	1.94
BOND 20	7,278,050	1.82
BOND 128	6,085,425	1.52
BOND 25	6,022,681	1.51
BOND 93	5,944,068	1.49
BOND 37	5,926,320	1.48
BOND 52	5,362,620	1.34
BOND 16	5,306,744	1.33
BOND 51	5,265,536	1.32
BOND 110	5,175,287	1.29
BOND 119	5,099,315	1.27
BOND 15	4,610,298	1.15
BOND 126	4,237,456	1.06
BOND 64	4,212,595	1.05
BOND 84	4,156,993	1.04
BOND 4	4,144,289	1.04
BOND 71	4,107,052	1.03
BOND 78	3,964,160	0.99
BOND 111	3,879,273	0.97
BOND 38	3,741,155	0.94
BOND 82	3,711,260	0.93
BOND 114	3,455,886	0.86
BOND 17	3,453,078	0.86
BOND 11	3,452,817	0.86
BOND 50	3,439,335	0.86
BOND 63	3,410,030	0.85
BOND 57	3,391,185	0.85
BOND 73	3,299,223	0.82
BOND 134	3,251,300	0.81
BOND 108	3,243,855	0.81
BOND 1	3,137,825	0.78
BOND 14	3,084,176	0.77
BOND 19	3,065,327	0.77

Consolidated Portfolio Statement, continued

Holdings Description	US\$	Group
Catastrophe Bonds		
BOND 130	2,985,985	0.75
BOND 47	2,948,044	0.74
BOND 48	2,936,172	0.73
BOND 118	2,762,925	0.69
BOND 68	2,717,783	0.68
BOND 79	2,655,550	0.66
BOND 117	2,571,383	0.64
BOND 35	2,532,583	0.63
BOND 30	2,326,072	0.58
BOND 115	2,293,560	0.57
BOND 44	2,289,093	0.57
BOND 40	2,274,553	0.57
BOND 6	2,193,684	0.55
BOND 18	2,117,390	0.53
BOND 60	2,100,323	0.53
BOND 56	2,077,029	0.52
BOND 5	2,058,562	0.51
BOND 72	2,040,188	0.51
BOND 66	2,028,999	0.51
BOND 100	1,951,337	0.49
BOND 33	1,885,098	0.47
BOND 32	1,855,561	0.46
BOND 80	1,844,547	0.46
BOND 13	1,733,140	0.43
BOND 125	1,666,978	0.42
BOND 39	1,639,676	0.41
BOND 69	1,400,092	0.35
BOND 67	1,289,482	0.32
BOND 123	1,282,646	0.32
BOND 122	1,267,334	0.32
BOND 54	1,178,713	0.29
BOND 65	1,000,887	0.25
BOND 61	970,951	0.24
BOND 24	935,704	0.23
BOND 53	928,764	0.23
BOND 83	900,602	0.23
BOND 124	765,535	0.19
BOND 88	702,683	0.18
BOND 3	569,962	0.14
BOND 58	500,254	0.13
BOND 43	356,261	0.09
BOND 59	255,673	0.06
	355,431,840	88.86
Preferred Equity Investment		
Preferred Equity Investment 90	8,750,000	2.19
	8,750,000	2.19

Consolidated Portfolio Statement, continued

Forward Foreign Exchange Contracts (Counterparties: Bank of America Merrill Lynch, HSBC Bank PLC London)

Purchase currency	Contractual Amount	Sale currency	Contractual amount	Maturity date		
GBP	11,893,603	USD	(19,316,400)	2013-01-24	23,059	0.01
					<u>23,059</u>	<u>0.01</u>
EUR	5,188,294	USD	(6,851,661)	2013-01-24	(2,742)	(0.00)
JPY	1,091,212,745	USD	(12,982,900)	2013-01-24	(396,586)	(0.10)
USD	17,387,325	EUR	(13,500,000)	2013-02-08	(436,098)	(0.11)
					<u>(835,427)</u>	<u>(0.21)</u>
Total investments at fair value - assets					364,204,899	91.05
Total investments at fair value - liabilities					<u>(835,427)</u>	<u>(0.21)</u>
Total investments at fair value					363,369,472	90.84
Other net current assets					<u>36,620,856</u>	<u>9.16</u>
Net assets attributable to the shareholders of the Company at bid fair value					<u>399,990,328</u>	<u>100.00</u>
Total investments at fair value					363,369,472	
Adjustment for middle market prices					<u>1,770,897</u>	
Total investments at middle market prices					365,140,369	
Other net current assets					<u>36,620,856</u>	
Net assets attributable to the shareholders of the Company at middle market prices					<u>401,761,225</u>	

The portfolio statement for the prior year has not been provided as it is not considered relevant to an understanding of the current year's consolidated financial statements.

	2012	2011
	%	%
Analysis by maturity		
Up to one year	15.85	16.16
One to five years	73.00	86.03
More than five years	2.19	0.00
Other (Non-bond holding)	(0.20)	0.16
Other net current assets	9.16	(2.35)
	<u>100.00</u>	<u>100.00</u>

Consolidated Income Statement

for the year ended 31 December 2012

	Notes	2012 US\$	2011 US\$
Income			
Bond interest	2(d)	21,597,481	9,772,619
Bank interest	2(d)	156	-
Net fair value gains on financial assets and financial liabilities at fair value through profit or loss	3	7,007,092	2,927,109
Total net income		<u>28,604,729</u>	<u>12,699,728</u>
Expenses			
Investment management fee	5(a)	2,195,183	1,490,632
Sponsorship fee	5(a)	1,480,972	730,527
Performance fee	5(b)	1,016,278	39,922
Administration fee	5(c)	175,796	95,665
Custody fee	5(d)	57,231	16,490
Other expenses	5(e)	349,231	146,716
Total operating expenses		<u>5,274,691</u>	<u>2,519,952</u>
Operating profit		<u>23,330,038</u>	<u>10,179,776</u>
Finance costs			
Interest expenses	5(f)	319,409	35,293
Total finance costs		<u>319,409</u>	<u>35,293</u>
Increase in net assets from operations attributable to the shareholders of the Company at bid prices			
Adjustment from bid fair value to middle market	9	23,010,629	10,144,483
		<u>355,125</u>	<u>1,415,772</u>
Increase in net assets from operations attributable to the shareholders of the Company at middle market prices			
		<u>23,365,754</u>	<u>11,560,255</u>

The accompanying notes form part of these consolidated financial statements.

Consolidated Balance Sheet

as at 31 December 2012

	Notes	2012 US\$	2011 US\$
Assets			
Current assets			
Investments at fair value	2(b)	364,204,899	163,326,140
Cash and cash equivalents	2(c)	12,263,330	1,363
Other assets	7	27,392,010	12,556,741
Total assets		<u>403,860,239</u>	<u>175,884,244</u>
Liabilities			
Current liabilities			
Investments at fair value	2(b)	835,427	33,227
Bank overdraft	2(c)	14	14,484,878
Other liabilities	7	3,034,470	1,821,068
Liabilities (excluding net assets attributable to the shareholders of the Company)		<u>3,869,911</u>	<u>16,339,173</u>
Net assets attributable to the shareholders of the Company at bid fair value		399,990,328	159,545,071
Adjustment from bid fair value to middle market	9	1,770,897	1,415,772
Net assets attributable to the shareholders of the Company at middle market prices		<u>401,761,225</u>	<u>160,960,843</u>

These consolidated financial statements were approved by the Board of Directors on 26 April 2013 and were signed on their behalf by:


Director
26 April 2013


Director

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Net Assets attributable to the Shareholders of the Company

for the year ended 31 December 2012

	2012 US\$	2011 US\$
Net assets attributable to the shareholders of the Company at start of year/period	<u>160,960,843</u>	<u>-</u>
Proceeds of shares issued	261,128,290	184,260,902
Cost of shares redeemed	(43,693,662)	(34,860,314)
Increase in net assets from operations attributable to the shareholders of the Company	<u>23,365,754</u>	<u>11,560,255</u>
Change in net assets attributable to the shareholders of the Company during the year/period	<u>240,800,382</u>	<u>160,960,843</u>
Net assets attributable to the shareholders of the Company at end of year/period	<u><u>401,761,225</u></u>	<u><u>160,960,843</u></u>

The accompanying notes form part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2012

	Notes	2012 US\$	2011 US\$
Cash flows from operating activities			
Payments for the purchase of investments		(246,290,652)	(209,415,004)
Proceeds from the sales and maturity of investments		44,404,621	47,716,784
Interest received		19,452	-
Bond interest received		19,622,880	9,451,591
Net operating expenses paid		(2,143,074)	(2,143,380)
Net cash outflow from operating activities		<u>(184,386,773)</u>	<u>(154,390,009)</u>
Cash flows from financing activities			
Cash received on shares issued		248,949,496	173,466,211
Cash paid for shares redeemed		(43,957,207)	(33,416,045)
Interest paid		(319,408)	(35,293)
Net cash inflow from financing activities		<u>204,672,881</u>	<u>140,014,873</u>
Foreign exchange movement	2(g)	6,460,723	(108,379)
Increase/(Decrease) in cash and cash equivalents		26,746,831	(14,483,515)
Cash and cash equivalents at start of year/period		<u>(14,483,515)</u>	-
Cash and cash equivalents at end of year/period		<u><u>12,263,316</u></u>	<u><u>(14,483,515)</u></u>

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General Information

GAM FCM Cat Bond Inc. (the "Company") is an open-ended investment company organised in a similar manner to an open-ended unit trust or mutual fund, structured to make its investments through an investment company, GAM FCM Cat Bond Investments Inc. (the "Investment Company"). The Company and the Investment Company are each registered as a company limited by shares under the BVI Business Companies Act 2004 (as amended) of the British Virgin Islands.

The Company's objective is to generate returns through selective investment in a global portfolio of insurance-linked securities.

Various classes of shares are available, denominated in US dollar, Euro, Pound sterling, Swiss franc and Japanese yen. Shares are normally issued and redeemed on the last business day of each calendar month, with subscriptions and redemptions being subject to the notice periods per the Prospectus. Although each class will be treated as bearing its own liabilities, the Company as a whole will remain liable to third parties for all liabilities of the Company. As at 31 December 2012, there is no such existing or contingent liability.

The Company is exempt from all income taxes in the British Virgin Islands. Interest, dividends and other revenue received and capital gains made by the Company may be subject to withholding or similar taxes imposed by the country in which such interest, dividends or other revenues or capital gains originate. The Company will not normally be eligible to benefit from any treaties for the relief from double taxation. If any subsequent tax liabilities are considered payable then adequate provision will be made in the consolidated financial statements.

At the year end, the Company owns 100% of the Investment Company and therefore consolidated financial statements have been prepared. These consolidated financial statements reflect the total assets, liabilities and operations of the Company and the Investment Company, which together constitute the Group.

The 2011 comparative figures are for the period from 27 January 2011 (Date of Incorporation) to 31 December 2011.

2. Summary of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention as modified by the fair valuation of financial assets and financial liabilities through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates that may affect the reported amounts of the assets and liabilities within the next financial year.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Company.

The following standards and amendments to standards are mandatory for the Company effective in future periods but are not relevant for the Company's operations for the year ended 31 December 2012:

IFRS 9, 'Financial instruments' (effective 1 January 2015)

IFRS 10, 'Consolidated financial statements' (effective 1 January 2013)

IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013)

IFRS 13, 'Fair value measurement' (effective 1 January 2013)

IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2013)

Amendments to IFRS 7 on financial instruments asset and liability offsetting (effective 1 January 2013).

(b) Investments at fair value

Classification

The Group has classified its investments as financial assets or financial liabilities at fair value through profit or loss under IAS 39.

Recognition/Derecognition

Purchases and sales are initially recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive the cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets and liabilities are initially recognised at fair value, and transaction costs for all financial assets/liabilities carried at fair value through profit or loss are expensed as incurred. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value at 23:00 (UK time) on each valuation day.

The computation of realised gains and losses on sales of financial assets and liabilities at fair value through profit or loss is made on the basis of average cost and accounted for in the Consolidated Income Statement. Gains and losses arising from changes in the fair value of the 'financial assets and financial liabilities at fair value through profit or loss' category are included in the Consolidated Income Statement in the period in which they arise.

Fair value estimation

Fair value is normally determined to be the bid price for financial assets and offer price for financial liabilities.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies, continued

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the balance sheet date.

At 31 December 2012, investments totalling US\$Nil (2011:US\$141,954,007) representing 0.00% (2011: 88.99%) of the net asset value of the Group were valued based on the quoted market price as provided by electronic feed from one or more reputable price vendors.

At 31 December 2012, investments totalling US\$364,181,840 (2011:US\$21,083,417) representing 91.04% (2011: 13.21%) of the net asset value of the Group were valued based on quotes from one or more reputable brokers.

Forward Foreign Exchange Contracts

A forward foreign exchange contract obligates the Group to receive or deliver a fixed quantity of foreign currency at a specified price on an agreed future date. These contracts are valued at the forward rate and the Group's equity therein, representing unrealised fair value gains or losses on the contracts, is included in the financial assets or financial liabilities at fair value through profit or loss. Realised and unrealised fair value gains and losses are included in the Consolidated Income Statement.

An analysis of the portfolio is shown in the Consolidated Portfolio Statement on pages 3 to 5.

(c) Cash and cash equivalents

Cash and cash equivalents comprises cash, overdrafts and foreign currency on deposit with the Group's bankers with original maturities of less than three months.

(d) Interest from investments

Bond interest on investments in debt securities is recognised when earned using the effective interest method and is shown on the Consolidated Income Statement.

Interest earned on cash at bank and broker balances is recognised using the effective rate of interest.

(e) Fees and expenses

Fees and expenses are accounted for on an accruals basis.

(f) Shares in issue

All shares issued by the Company are redeemable at the shareholders option and are classified as financial liabilities under IAS 32. Any dividend distribution on the shares is recognised as a finance cost in the Consolidated Income Statement. Shareholders may request redemption of their shares on application to the Administrator in accordance with the terms of the Prospectus, for an amount equal to a proportionate share of the net asset value of the Company.

(g) Foreign currency translation

Functional currency and presentation currency

The Group has adopted the US dollar as its functional currency under IAS 21 as it most appropriately reflects the economic environment in which the Directors believe the Group operates. The presentation currency is also the US dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement.

The balance sheet and income statement of any entity with a functional currency other than US dollar are translated at the exchange rate ruling at 31 December 2012 and at the average exchange rates for the year respectively. Translation differences are disclosed in the Statement of Changes in Net Assets attributable to the Shareholders of the Company. This method of translation has no effect on the net asset value per share attributable to the classes of the Company.

The following rates of exchange to US dollar have been used at the year end.

	2012	2011
Euro	0.7577	0.7718
Japanese yen	86.7150	76.9600
Pound sterling	0.6149	0.6439
Swiss franc	0.9153	0.9388

(h) Taxes

Liabilities relating to uncertain tax positions are accrued only when such liabilities are probable and can be estimated with reasonable accuracy.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies, continued

(i) Subsidiaries

Subsidiary undertakings, which are defined under IAS 27 as those entities in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from its activities, are consolidated. Subsidiaries acquired during the year are consolidated from the date on which control is transferred to the Group, and subsidiaries divested are included up to the date on which control passes from the Group. All intercompany transactions, balances, realised and unrealised gains and losses on transactions between the Company and its subsidiaries are eliminated on consolidation. The list of subsidiaries is set-out in note 1.

3. Investments at fair value

(a) Fair value hierarchy

Under IFRS 7 the Group is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date. Investments typically classified within level 1 include active listed equities, exchange traded derivatives and "G8" Government bonds.

Level 2 - Inputs other than quoted prices from active markets that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active. Investments typically classified within level 2 include, investments in corporate bonds, certain Government bonds, certain listed equities and over the counter derivatives. Investment funds are also considered level 2 investments if there is evidence that redemptions occurred during the year and there were no restrictions preventing redemptions at the year end.

Level 3 - Inputs that are unobservable and are significant to the valuation. Investments typically classified within level 3 include certain corporate bonds, private equities and investment funds that have suspended redemptions, created side pocket classes or imposed gates.

The Group uses the "market approach" valuation technique to value its investments. Inputs are determined by observable data such as redemption and subscription activity and the prices at which such transactions occur. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" may require significant judgment but can generally be considered as that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the risk of that instrument. Within level 3, the use of the market approach generally consists of using comparable market transactions.

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities measured at fair value at 31 December 2012 and 31 December 2011:

As at 31 December 2012

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets at fair value through profit or loss				
- Debt securities	-	355,431,840	-	355,431,840
- Preferred Equity Investment	-	-	8,750,000	8,750,000
- Derivatives	-	23,059	-	23,059
Total assets	-	355,454,899	8,750,000	364,204,899
Liabilities				
Financial assets at fair value through profit or loss				
- Derivatives	-	835,427	-	835,427
Total liabilities	-	835,427	-	835,427

As at 31 December 2011

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets at fair value through profit or loss				
- Debt securities	-	163,037,424	-	163,037,424
- Derivatives	-	288,716	-	288,716
Total assets	-	163,326,140	-	163,326,140

Notes to the Consolidated Financial Statements

3. Investments at fair value, continued

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Liabilities				
Financial assets at fair value through profit or loss				
- Derivatives	-	33,227	-	33,227
Total liabilities	-	33,227	-	33,227

There was no transfer of assets between levels during the year to 31 December 2012.

(b) Breakdown of financial assets at fair value through profit or loss

Fair Value	2012 US\$	2011 US\$
Designated at fair value through profit or loss at inception:		
- Debt securities	355,431,840	163,037,424
- Preferred Equity Investment	8,750,000	-
Financial assets held for trading:		
- Derivatives	23,059	288,716
Total financial assets at fair value through profit or loss	364,204,899	163,326,140

(c) Breakdown of financial liabilities at fair value through profit or loss

Fair Value	2012 US\$	2011 US\$
Financial liabilities held for trading:		
- Derivatives	835,427	33,227
Total financial liabilities at fair value through profit or loss	835,427	33,227

(d) Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss

	2012 US\$	2011 US\$
Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss:		
- Realised	(8,045,556)	(856,496)
- Change in unrealised	15,052,648	3,783,605
Total net gains	7,007,092	2,927,109

4. Financial instruments by category

31 December 2012	Loans and receivables US\$	Assets at fair value through profit or loss US\$	Total US\$
Assets as per balance sheet			
Investments at fair value	-	364,204,899	364,204,899
Cash and cash equivalents	12,263,330	-	12,263,330
Other assets	27,392,010	-	27,392,010
	<u>39,655,340</u>	<u>364,204,899</u>	<u>403,860,239</u>
31 December 2012	Liabilities at fair value through profit or loss US\$	Other financial liabilities US\$	Total US\$
Liabilities as per balance sheet			
Investments at fair value	835,427	-	835,427
Bank overdraft	-	14	14
Other liabilities	-	3,034,470	3,034,470
Net assets attributable to holders of redeemable shares	-	399,990,328	399,990,328
	<u>835,427</u>	<u>403,024,812</u>	<u>403,860,239</u>

Notes to the Consolidated Financial Statements

4. Financial instruments by category, continued

31 December 2011	Loans and receivables US\$	Assets at fair value through profit or loss US\$	Total US\$
Assets as per balance sheet			
Investments at fair value	-	163,326,140	163,326,140
Cash and cash equivalents	1,363	-	1,363
Other assets	12,556,741	-	12,556,741
	<u>12,558,104</u>	<u>163,326,140</u>	<u>175,884,244</u>
31 December 2011	Liabilities at fair value through profit or loss US\$	Other financial liabilities US\$	Total US\$
Liabilities as per balance sheet			
Investments at fair value	33,227	-	33,227
Bank overdraft	-	14,484,878	14,484,878
Other liabilities	-	1,821,068	1,821,068
Net assets attributable to holders of redeemable shares	-	159,545,071	159,545,071
	<u>33,227</u>	<u>175,851,017</u>	<u>175,884,244</u>

5. Fees and expenses

(a) Investment Management fee and Sponsorship fee

The Company pays a monthly aggregate management fee at the annual rate of 1.45% of the net asset value of the Open and GBP Distributor classes and JPY Income classes, 1.85% of the net asset value of the Reserved classes and 0.95% of the new asset value of each Series in respect of the Institutional and Institutional Income classes, from which the Sponsor and the Investment Manager receive their remuneration. At the year end, other creditors included an amount of US\$235,613 (2011: US\$149,722) due to the Investment Manager and US\$200,836 (2011: US\$75,185) due to the Sponsor.

(b) Performance fee

The Company pays to the Investment Manager an annual performance fee of 10.00% of the Series return over the benchmark return of the relevant Open, Institutional, Institutional Income, GBP Distributor and JPY Income Share classes in issue during the year, subject to the calculation method as per the Prospectus. At the year end, other creditors included an amount of US\$1,010,640 (2011: US\$39,464) due to the Investment Manager in the form of a performance fee.

(c) Administration fee

The Company pays a monthly fee to the Administrator at the annual rate of up to 0.08% of the net asset value of the Company. At the year end, other creditors included an amount of US\$22,165 (2011: US\$8,339) due to the Administrator. The agreement between the Company and the Administrator is terminable upon the giving of one month's notice by either party.

(d) Custody fee

The Custodian will receive such fees as may be agreed, from time to time, at normal commercial rates, subject to a minimum annual fee of US\$12,000.

(e) Other expenses

	2012 US\$	2011 US\$
Auditors' fees	19,602	17,884
Directors' fees	3,600	3,300
Sundry expenses	<u>326,029</u>	<u>125,532</u>
	<u>349,231</u>	<u>146,716</u>

Sundry expenses comprise of legal and accounting fees, electronic data and accounting systems costs, printing and publication costs and certain other administrative costs and out of pocket expenses.

(f) Interest expenses

Interest expenses relate to a bank overdraft which is repayable on demand.

Notes to the Consolidated Financial Statements

6. Financial risk management

The Group through its investment objective may be exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk, both directly through its own assets and liabilities and indirectly through the assets and liabilities held by any investee funds. The Group is subject to certain investment restrictions and may also use certain derivative financial instruments to moderate certain risk exposures. The Directors of the Company and the Investment Company have the power to borrow as part of its investment philosophy, such borrowing will not exceed 200 per cent of the net asset value of the Investment Company.

The investment management and financial risk management of the Group has been delegated by the Board of Directors (which remains ultimately responsible) to the Investment Manager. The Board of Directors review the performance of the Group on a quarterly basis.

(a) Market price risk

The Group's investments are susceptible to market price risk arising from uncertainties about future prices.

An analysis of the Group's investments are disclosed in the Consolidated Portfolio Statement on pages 3 to 5.

The Group invests in a global portfolio of insurance-linked securities.

At 31 December 2012 if the fair value of investments had increased by 5% with all other variables held constant, this would have increased the net assets attributable to the shareholders by approximately US\$18,168,474 (2011: US\$8,164,646). Conversely, if the fair value of investments had decreased by 5% with all other variables held constant, this would have decreased the net assets attributable to the shareholders by approximately US\$18,168,474 (2011: US\$8,164,646).

(b) Currency risk

The Group may hold assets denominated in currencies other than the US dollar, the functional currency. It may therefore be exposed to currency risk, as the value of the securities denominated in other currencies may fluctuate due to changes in exchange rates. The Investment Manager monitors the Group's currency risk exposure and may utilise hedging techniques in order to remove or reduce currency risks within the Group. As such, the Group enters into forward foreign exchange contracts in order to hedge against currency exchange rate risk on non US dollar denominated classes. Forward foreign exchange contracts may also be entered into in order to further the Group's objective in terms of capital appreciation.

The table below summarises the currency exposure risks of the Group as at 31 December 2012 and 31 December 2011.

As at 31 December 2012

	Non-monetary assets/ liabilities US\$	Monetary assets/ liabilities US\$	Net currency exposure US\$
Euro	-	656,305	656,305
Japanese yen	-	(235,186)	(235,186)
Pound sterling	-	41,060	41,060
	<u>-</u>	<u>462,179</u>	<u>462,179</u>

As at 31 December 2011

	Non-monetary assets/ liabilities US\$	Monetary assets/ liabilities US\$	Net currency exposure US\$
Euro	-	(243,968)	(243,968)
	<u>-</u>	<u>(243,968)</u>	<u>(243,968)</u>

(c) Interest rate risk

The Group may hold interest-bearing financial assets and liabilities which may expose the Group to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. As the Group is invested in bonds, there is interest rate risk.

The cash positions of the Group which are held with the Custodian are earning interest at rates which are based on current LIBOR rates less a spread as determined by the Custodian.

The table on the next page summarises the Group's exposure to interest rate risks. It includes the Group's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

Notes to the Consolidated Financial Statements

6. Financial risk management, continued

As at 31 December 2012

	< 1 month	1-12 months	1-5 years	> 5 years	Non- interest bearing	Total
Assets	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss	-	63,425,019	292,006,821	8,750,000	23,059	364,204,899
Cash and cash equivalents	12,263,330	-	-	-	-	12,263,330
Other assets	-	-	-	-	27,392,010	27,392,010
Total assets	12,263,330	63,425,019	292,006,821	8,750,000	27,415,069	403,860,239

As at 31 December 2012

	< 1 month	1-12 months	1-5 years	> 5 years	Non- interest bearing	Total
Liabilities	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities at fair value through profit or loss	-	-	-	-	835,427	835,427
Bank overdraft	14	-	-	-	-	14
Other payables	-	-	-	-	3,034,470	3,034,770
Net assets attributable to holders of redeemable shares	-	-	-	-	399,990,328	401,761,225
Total liabilities	14	-	-	-	403,860,225	403,860,239

As at 31 December 2011

	< 1 month	1-12 months	1-5 years	> 5 years	Non- interest bearing	Total
Assets	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss	-	25,788,949	137,248,475	-	288,716	163,326,140
Cash and cash equivalents	1,363	-	-	-	-	1,363
Other assets	-	-	-	-	12,556,741	12,556,741
Total assets	1,363	25,788,949	137,248,475	-	12,845,457	175,884,244

As at 31 December 2011

	< 1 month	1-12 months	1-5 years	> 5 years	Non- interest bearing	Total
Liabilities	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities at fair value through profit or loss	-	-	-	-	33,227	33,227
Bank overdraft	14,484,878	-	-	-	-	14,484,878
Other payables	-	-	-	-	1,821,068	1,821,068
Net assets attributable to holders of redeemable shares	-	-	-	-	159,545,071	159,545,071
Total liabilities	14,484,878	-	-	-	161,399,366	175,884,244

(d) Credit risk

The Group may be exposed to credit risk, which is the risk that a counterparty to a financial transaction with the Group will be unable to pay amounts in full when due.

Counterparty risk is limited in that most securities are settled on delivery against payment (DVP trades) in the recognised clearing systems, and the risk of default is considered to be minimal as security delivery and payment are simultaneous.

The Investment Manager manages credit risk for non-DVP trades by only using approved brokers that belong to an internationally recognised financial services firm or alternatively command a high market share in a given market segment. Investments and cash held by brokers are not normally held within segregated accounts.

The following table discloses the breakdown of investments and cash held with HSBC Institutional Trust Services (Ireland) Limited as custodian and brokers at the year end.

Notes to the Consolidated Financial Statements

6. Financial risk management, continued

As at 31 December 2012:

	Financial assets at fair value	Cash	Total
	US\$	US\$	US\$
HSBC Institutional Trust Services (Ireland) Limited	364,181,840	12,088,692	376,270,532
Deutsche Bank Securities Inc.	-	174,638	174,638
Bank of America Merrill Lynch	23,059	-	23,059
	<u>364,204,899</u>	<u>12,263,330</u>	<u>376,468,229</u>

As at 31 December 2011:

	Financial assets at fair value	Cash	Total
	US\$	US\$	US\$
HSBC Institutional Trust Services (Ireland) Limited	163,325,720	1,363	163,327,083
Bank of America Merrill Lynch	420	-	420
	<u>163,326,140</u>	<u>1,363</u>	<u>163,327,503</u>

Investments in bonds and debt income securities are subject to risk (generally lower where securities are rated above investment grade) that payments may not be made by issuers on due dates or at all.

The following table reflects the equivalent Standard & Poor's ratings of the investments held as a percentage of total investments.

Rating	31 December 2012 %	31 December 2011 %
A3	2.00	-
BBB+	2.09	3.57
BBB-	0.76	-
BB+	13.21	15.45
BB	15.63	13.79
BB-	14.30	16.47
B+	14.44	8.92
B	9.71	9.35
B-	6.08	7.07
CCC+	-	1.23
Non-Rated	<u>21.78</u>	<u>24.15</u>
	<u>100.00</u>	<u>100.00</u>

(e) Liquidity risk

Liquidity risk is the risk that the Group cannot generate sufficient cash resources to meet its payment obligations in full as they fall due, or can do so only at materially disadvantageous terms. The Investment Manager regularly reviews the liquidity profile of the portfolio. If necessary, the Directors may borrow to meet redemptions or they may defer payment of redemption proceeds if they consider that borrowing would be materially prejudicial to the interests of continuing shareholders. The Directors may also limit aggregate redemptions with respect to any or all share classes on any dealing day where the Company has received redemption requests representing at least 10% of the total aggregate value of the shares in issue eligible for redemption as at that dealing day.

The Group may trade in derivatives, the majority of which are traded on a recognised market and are readily realisable, however from time to time, the Group may invest in derivative contracts traded over the counter which are not traded in an organised market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value. In case of liquidity issues, the Group may borrow to meet redemption requests.

Notes to the Consolidated Financial Statements

6. Financial risk management, continued

The maturity profile of the Group's financial liabilities based on the remaining period at the balance sheet date to the contractual settlement date is:

	2012	2012	2011	2011
	US\$	US\$	US\$	US\$
Due within one month	403,424,141	100.86%	175,884,244	110.24%
Due between one and two months	<u>436,098</u>	<u>0.11%</u>	<u>-</u>	<u>-</u>
	<u>403,860,239</u>	<u>100.97%</u>	<u>175,884,244</u>	<u>110.24%</u>

These balances have not been discounted, as the impact of discounting is not significant.

7. Other assets/liabilities

	2012	2011
	US\$	US\$
Other assets		
Subscriptions receivable	22,973,485	10,794,691
Bond interest receivable	4,117,663	1,761,822
Other debtors	<u>300,862</u>	<u>228</u>
	<u>27,392,010</u>	<u>12,556,741</u>
Other liabilities		
Redemptions payable	1,180,724	1,444,269
Other creditors	<u>1,853,746</u>	<u>376,799</u>
	<u>3,034,470</u>	<u>1,821,068</u>

8. Share capital

	2012	2011
	Number of shares	Number of shares
Authorised share capital of voting redeemable shares of common stock with no par value		
USD Open	Unlimited	Unlimited
USD Reserved	Unlimited	Unlimited
USD Institutional	Unlimited	Unlimited
USD Institutional Income	Unlimited	-
USD SI	Unlimited	Unlimited
EUR Open	Unlimited	Unlimited
EUR Reserved	Unlimited	Unlimited
EUR Institutional	Unlimited	Unlimited
EUR Institutional Income	Unlimited	-
EUR SI	Unlimited	Unlimited
GBP Open	Unlimited	Unlimited
GBP Distributor	Unlimited	Unlimited
GBP Reserved	Unlimited	Unlimited
GBP Institutional	Unlimited	Unlimited
GBP Institutional Income	Unlimited	-
GBP SI	Unlimited	Unlimited

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2012 Number of shares	2011 Number of shares
CHF Open	Unlimited	Unlimited
CHF Reserved	Unlimited	Unlimited
CHF Institutional	Unlimited	Unlimited
CHF SI	Unlimited	Unlimited
JPY Open	Unlimited	-
JPY Income	Unlimited	-
JPY Institutional	Unlimited	-
JPY Institutional Income	Unlimited	-

	2012 Number of shares	2011 Number of shares
GAM FCM Cat Bond USD Open - Initial Series		
At 1 January	-	-
Issued	97,589.62	-
Redeemed	-	-
At 31 December	<u>97,589.62</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 9 USD		
At 1 January	-	-
Issued	500.00	-
Redeemed	-	-
At 31 December	<u>500.00</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 10 USD		
At 1 January	-	-
Issued	13,199.84	-
Redeemed	(300.00)	-
At 31 December	<u>12,899.84</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 11 USD		
At 1 January	-	-
Issued	6,625.50	-
Redeemed	-	-
At 31 December	<u>6,625.50</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 12 USD		
At 1 January	-	-
Issued	66,763.55	-
Redeemed	-	-
At 31 December	<u>66,763.55</u>	<u>-</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2012	2011
	Number of shares	Number of shares
GAM FCM Cat Bond EUR Open - Initial Series		
At 1 January	6,017.58	-
Issued	7,351.13	6,590.71
Redeemed	(2,623.20)	(573.13)
At 31 December	<u>10,745.51</u>	<u>6,017.58</u>
GAM FCM Cat Bond 2012 Series 9 EUR		
At 1 January	-	-
Issued	37,074.27	-
Redeemed	(270.00)	-
At 31 December	<u>36,804.27</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 10 EUR		
At 1 January	-	-
Issued	149.58	-
Redeemed	-	-
At 31 December	<u>149.58</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 11 EUR		
At 1 January	-	-
Issued	3,395.16	-
Redeemed	-	-
At 31 December	<u>3,395.16</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 12 EUR		
At 1 January	-	-
Issued	6,822.57	-
Redeemed	-	-
At 31 December	<u>6,822.57</u>	<u>-</u>
GAM FCM Cat Bond GBP Open - Initial Series		
At 1 January	9,112.41	-
Issued	50,872.62	9,317.73
Redeemed	(297.79)	(205.32)
At 31 December	<u>59,687.24</u>	<u>9,112.41</u>
GAM FCM Cat Bond 2012 Series 9 GBP		
At 1 January	-	-
Issued	360.00	-
Redeemed	-	-
At 31 December	<u>360.00</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 10 GBP		
At 1 January	-	-
Issued	32,987.00	-
Redeemed	-	-
At 31 December	<u>32,987.00</u>	<u>-</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2012	2011
	Number of shares	Number of shares
GAM FCM Cat Bond 2012 Series 11 GBP		
At 1 January	-	-
Issued	18,381.30	-
Redeemed	-	-
At 31 December	<u>18,381.30</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 12 GBP		
At 1 January	-	-
Issued	16,170.00	-
Redeemed	-	-
At 31 December	<u>16,170.00</u>	<u>-</u>
GAM FCM Cat Bond JPY Initial Series		
At 1 January	-	-
Issued	100,001.00	-
Redeemed	-	-
At 31 December	<u>100,001.00</u>	<u>-</u>
GAM FCM Cat Bond USD Institutional Initial Series		
At 1 January	154,190.51	-
Issued	238,503.33	156,463.86
Redeemed	(4,706.70)	(2,273.35)
At 31 December	<u>387,987.14</u>	<u>154,190.51</u>
GAM FCM Cat Bond 2012 Series 9 USD Institutional		
At 1 January	-	-
Issued	35,840.00	-
Redeemed	-	-
At 31 December	<u>35,840.00</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series10 USD Institutional		
At 1 January	-	-
Issued	503,500.00	-
Redeemed	-	-
At 31 December	<u>503,500.00</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 11 USD Institutional		
At 1 January	-	-
Issued	560,780.00	-
Redeemed	-	-
At 31 December	<u>560,780.00</u>	<u>-</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2012	2011
	Number of shares	Number of shares
GAM FCM Cat Bond 2012 Series 12 USD Institutional		
At 1 January	-	-
Issued	125,000.00	-
Redeemed	-	-
At 31 December	<u>125,000.00</u>	<u>-</u>
GAM FCM Cat Bond 2012 USD Reserved		
At 1 January	1,315,287.63	-
Issued	487,343.32	1,649,202.20
Redeemed	(378,554.65)	(333,914.57)
At 31 December	<u>1,424,076.30</u>	<u>1,315,287.63</u>

Each share carries the right to one vote on matters put to a shareholder vote.

The Reserved and Institutional classes are only available to investors who have negotiated terms of investment with the GAM Group.

The capital of the Company is represented by the net assets attributable to shareholders. The amount of net assets attributable to shareholders can change significantly on a regular basis as the Company is subject to regular subscriptions and regular redemptions at the discretion of shareholders subject to the notice periods per the prospectus.

9. Net Asset Value

Mid prices are used to value the Company's investments for purposes of processing redemptions. Consequently, net assets attributable to shareholders for the year ended 31 December 2012 are calculated on a bid pricing basis in accordance with IAS 39.

The net asset value per share of the Company for the year/period ended 31 December 2012 and 31 December 2011:

	31 December 2012	31 December 2011
GAM FCM Cat Bond USD Open - Initial Series		
Middle market pricing basis	US\$109.20	-
Bid pricing basis	US\$108.72	-
GAM FCM Cat Bond 2012 Series 9 USD		
Middle market pricing basis	US\$101.55	-
Bid pricing basis	US\$101.10	-
GAM FCM Cat Bond 2012 Series 10 USD		
Middle market pricing basis	US\$102.77	-
Bid pricing basis	US\$102.31	-
GAM FCM Cat Bond 2012 Series 11 USD		
Middle market pricing basis	US\$101.74	-
Bid pricing basis	US\$101.29	-
GAM FCM Cat Bond 2012 Series 12 USD		
Middle market pricing basis	US\$100.00	-
Bid pricing basis	US\$99.55	-
GAM FCM Cat Bond EUR Open - Initial Series		
Middle market pricing basis	€118.19	€108.53
Bid pricing basis	€117.67	€107.58

Notes to the Consolidated Financial Statements

9. Net Asset Value, continued

	31 December 2012	31 December 2011
GAM FCM Cat Bond 2012 Series 9 EUR		
Middle market pricing basis	€101.40	-
Bid pricing basis	€100.96	-
GAM FCM Cat Bond 2012 Series 10 EUR		
Middle market pricing basis	€102.62	-
Bid pricing basis	€ 102.18	-
GAM FCM Cat Bond 2012 Series 11 EUR		
Middle market pricing basis	€101.65	-
Bid pricing basis	€101.21	-
GAM FCM Cat Bond 2012 Series 12 EUR		
Middle market pricing basis	€100.00	-
Bid pricing basis	€99.55	-
GAM FCM Cat Bond GBP Open - Initial Series		
Middle market pricing basis	£117.21	£107.37
Bid pricing basis	£116.69	£106.43
GAM FCM Cat Bond 2012 Series 9 GBP		
Middle market pricing basis	£101.48	-
Bid pricing basis	£101.03	-
GAM FCM Cat Bond 2012 Series 10 GBP		
Middle market pricing basis	£102.67	-
Bid pricing basis	£102.21	-
GAM FCM Cat Bond 2012 Series 11 GBP		
Middle market pricing basis	£101.70	-
Bid pricing basis	£101.24	-
GAM FCM Cat Bond 2012 Series 12 GBP		
Middle market pricing basis	£100.00	-
Bid pricing basis	£99.55	-
GAM FCM Cat Bond JPY Initial Series		
Middle market pricing basis	JPY10,835.93	-
Bid pricing basis	JPY10,787.35	-
GAM FCM Cat Bond USD Institutional Initial Series		
Middle market pricing basis	US\$119.12	US\$108.65
Bid pricing basis	US\$118.59	US\$107.69
GAM FCM Cat Bond 2012 Series 9 USD Institutional		
Middle market pricing basis	US\$101.70	-
Bid pricing basis	US\$101.25	-

Notes to the Consolidated Financial Statements

9. Net Asset Value, continued

	31 December 2012	31 December 2011
GAM FCM Cat Bond 2012 Series10 USD Institutional		
Middle market pricing basis	US\$102.88	-
Bid pricing basis	US\$102.42	-
GAM FCM Cat Bond 2012 Series 11 USD Institutional		
Middle market pricing basis	US\$101.81	-
Bid pricing basis	US\$101.36	-
GAM FCM Cat Bond 2012 Series 12 USD Institutional		
Middle market pricing basis	US\$100.00	-
Bid pricing basis	US\$99.55	-
GAM FCM Cat Bond 2012 USD Reserved		
Middle market pricing basis	US\$118.20	US\$108.65
Bid pricing basis	US\$117.68	US\$107.69

10. Related parties

(i) The Investment Manager is considered to be a related party of the Group by virtue of the influence that it has over the Group's investment activities. The Sponsor and the Administrator are considered related parties due to the existence of material contracts. Fee arrangements with these parties are set out in note 5.

(ii) No Director of the Company had any interest in any contract of significance in relation to the Group's business at any time during the year ended 31 December 2012.

(iii) Directors' fees for the year are disclosed in note 5. At the year end, there were no outstanding amounts due to the Directors for fees.

11. Subsequent events

There have been no significant events affecting the Group since the year end.

Statement of Directors' Responsibilities

It is the Directors' responsibility to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and results of the Group for that period. In preparing those consolidated financial statements, the Directors have a responsibility to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated financial statements comply with International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

To the shareholders of GAM FCM Cat Bond Inc. (the "Company")

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Company which consolidated the subsidiary listed in note 1 which comprise the consolidated balance sheet and consolidated portfolio statement as at 31 December 2012 and the consolidated income statement, consolidated statement of changes in net assets attributable to the shareholders of the Company and consolidated cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiary as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



PricewaterhouseCoopers
Dublin

26 April 2013