



# GLOBAL INVESTMENTS LIMITED

## **SGX Quarterly Report 30 September 2017**

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This financial report has been prepared to enable the directors to comply with their obligations under the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual") 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.

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## PERFORMANCE REVIEW

### **QUARTER ENDED 30 SEPTEMBER 2017**

The Company and its subsidiaries ("the Group") reported a profit after tax of S\$5.5 million in 3Q 2017, 25.0% higher than the S\$4.4 million recorded in 3Q 2016.

#### **REVENUE**

Revenue was slightly lower at S\$8.1 million in 3Q 2017 compared to S\$8.2 million in 3Q 2016. In 3Q 2017, the net gain on financial assets designated as fair value through profit or loss of S\$0.3 million was S\$0.8 million lower than the S\$1.1 million recorded in 3Q 2016. This was offset by a higher gain on sale of investment of S\$1.9 million recorded in 3Q 2017 as compared to S\$1.2 million in 3Q 2016.

#### **EXPENSES**

Expenses in 3Q 2017 increased by S\$0.8 million to S\$1.8 million compared to S\$1.0 million in 3Q 2016. The higher level of expenses was largely due to the provisioning of the 2H 2017 incentive fees of S\$0.7 million. The actual amount of the incentive fees will be determined on 31 December 2017.

#### **NET IMPAIRMENT EXPENSE**

During the quarter, the Group recognised an impairment of S\$0.8 million from its portfolio of listed equities and bonds. In the comparative quarter of 2016, the Group recognised an impairment of S\$2.8 million from its portfolio of listed equities and Avoca VII Class G note.

#### **OTHER COMPREHENSIVE INCOME**

Other comprehensive income for the Group amounted to S\$0.6 million in 3Q 2017 compared to S\$12.4 million in 3Q 2016. The lower other comprehensive income was largely due to the lower positive movement of the available-for-sale ("AFS") financial assets revaluation reserve of S\$1.9 million in the current quarter compared to S\$10.7 million in the same quarter last year. In the current quarter, a fair value gain on AFS financial assets of S\$1.3 million was recorded versus S\$7.5 million in the same quarter last year. A fair value loss of S\$0.5 million was reclassified to profit and loss in the current quarter versus S\$3.2 million in the same quarter last year following impairment adjustments and sale of AFS financial assets. A currency translation loss of S\$1.3 million in 3Q 2017 versus a gain of S\$1.7 million in 3Q 2016 also contributed to the lower other comprehensive income in 3Q 2017.

Total comprehensive income for 3Q 2017 was S\$6.1 million compared to S\$16.7 million in the same quarter of 2016.

### **NINE MONTHS ENDED 30 SEPTEMBER 2017**

For the nine months ended 30 September 2017, the Group registered a net profit of S\$17.1 million which is 2.4% higher than the S\$16.7 million recorded in the same period last year.

#### **REVENUE**

Total revenue for the nine months ended 30 September 2017 amounted to S\$28.1 million, which was lower than the S\$29.1 million recorded in the same period last year. This was due to the lower gain on sale of investment of S\$9.0 million as compared to S\$14.6 million recorded in the same period last year. The lower revenue was slightly offset by a net foreign exchange gain of S\$2.8 million and a higher net fair value gain on financial assets designated as fair value through profit or loss of S\$1.8 million in the current period. In the prior period, a net foreign exchange loss of S\$1.0 million and a lower net fair value gain on financial assets designated as fair value through profit or loss of S\$0.9 million was recorded.

#### **EXPENSES**

Total expenses for the 9 months ended 30 September 2017 was S\$8.2 million, higher than the S\$4.1 million recorded in the same period last year. The increase was mainly due to the incentive fee of S\$4.9 million charged in the current period.

### **NET IMPAIRMENT EXPENSE**

The Group recognised a net impairment expense of S\$2.7 million for the period ended 30 September 2017 arising from its portfolio of listed equities and bonds, partially offset by the reversal of impairment following the sale of bonds and a bank contingent convertible. For the period ended 30 September 2016, the Group recognised an impairment expense of S\$8.2 million arising from its portfolio of listed equities and Avoca VII G note.

### **OTHER COMPREHENSIVE INCOME**

Other comprehensive income for the period ended 30 September 2017 amounted to S\$1.3 million compared to S\$0.2 million in the comparative period, attributed mainly to the higher positive movement of the AFS financial assets revaluation reserve in the current period.

For the period ended 30 September 2017, a fair value gain on AFS financial assets of S\$9.2 million was recorded. However, the gain was offset by a reclassification of fair value gain to profit and loss of S\$2.2 million and a translation loss of S\$5.6 million. In the comparative period, a fair value gain on AFS financial assets of S\$3.9 million and a reclassification of fair value loss to profit and loss of S\$0.8 million was recorded. The gain was offset by a translation loss of S\$4.5 million.

Total comprehensive income for the period ended 30 September 2017 of S\$18.5 million was 9.5% higher than the S\$16.9 million recorded in the same period last year.

### **STATEMENT OF FINANCIAL POSITION**

#### **LOANS AND RECEIVABLES**

The loans and receivables as at 30 September 2017 was relatively unchanged at S\$53.2 million compared to S\$54.0 million as at 31 December 2016. It comprised investments in Collateralised Loan Obligations ("CLO") notes, Asset Backed Securities ("ABS") and a bond.

#### **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

The AFS financial assets of S\$193.4 million as at 30 September 2017 comprised investments in a portfolio of listed equities, bonds, bank contingent convertibles and CLO notes. The increase of S\$19.5 million from S\$173.9 million as at 31 December 2016 was mainly due to the net purchase of investments as well as increase in valuation.

#### **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The financial assets at fair value through profit or loss as at 30 September 2017 was S\$62.6 million as compared to S\$63.5 million as at 31 December 2016. It comprised investments in a portfolio of bonds and bank contingent convertibles. The decrease of S\$0.9 million during the period was due to the net disposal of investments offset by an increase in valuation.

#### **CASH AND CASH EQUIVALENTS**

The lower cash and cash equivalents of S\$16.0 million as at 30 September 2017 compared to S\$21.9 million as at 31 December 2016 was mainly due to a net purchase of investments and cash outflow arising from cash dividend distributed.

#### **NET ASSET VALUE PER SHARE**

The net asset value per share of the Group as at 30 September 2017 was 19.57 Singapore cents after the payment of 2016 final dividend of 0.75 Singapore cents per share and taking into account the new shares issued pursuant to the Scrip Dividend Scheme as well as the interim dividend declared in August 2017. If the 2016 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2016, the net asset value per share as at 31 December 2016 would have been 19.08 Singapore cents instead of 20.03 Singapore cents per share. After adjusting for the 2017 interim dividend, the net asset value per share as at 30 September 2017 would have been 20.22 Singapore cents and the increase in net asset value per share would be 5.97%.

## INVESTMENT PORTFOLIO

GIL was incorporated in Bermuda on 24 April 2006 and is formed as a mutual fund company. Its objective is to invest in a diversified portfolio of assets except for direct investments in properties and commodities.

The Group's investment portfolio at 30 September 2017 comprised the following assets:

### LOAN PORTFOLIO AND SECURITISATION ASSETS

The Group is invested in a portfolio of USD and EUR denominated CLO. 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. In addition, the Group is invested in a portfolio of ABS comprising Australian Residential Mortgage Backed Securities ("RMBS") and Australian Credit Card ABS. Australian RMBS are securitisation vehicles that hold Australian residential mortgage loans while Credit Card ABS holds collaterals consisting of credit card receivables.

### BONDS

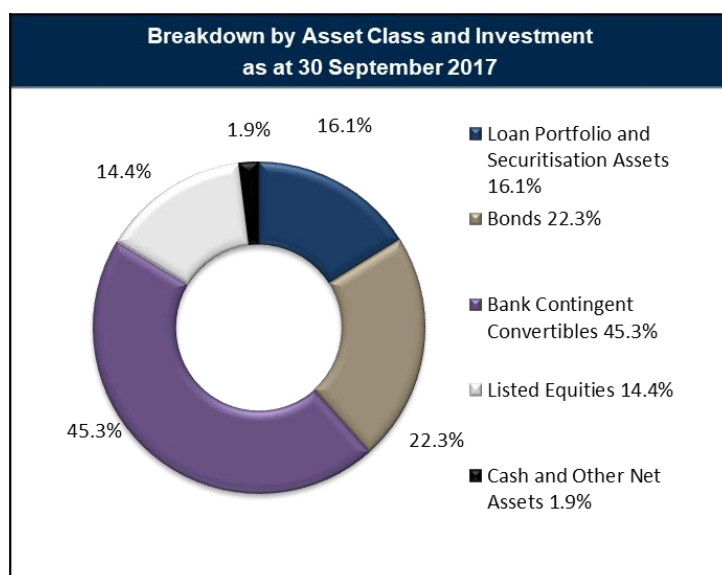
The Group is invested in a portfolio of mainly high yield bonds denominated in various currencies.

### BANK CONTINGENT CONVERTIBLES

The Group is invested in a portfolio of Bank Contingent Convertible securities denominated in various currencies.

### LISTED EQUITIES

GIL is invested in a portfolio of listed equities traded on various exchanges including Hong Kong, Singapore, South Korea, US, Europe and Australia.



Net asset value as at 30 September 2017 is S\$314.84 million

## BUSINESS OUTLOOK<sup>1</sup>

### MACROECONOMIC OUTLOOK

The International Monetary Fund (“IMF”) revised upwards its projection for global economic growth for 2017 and 2018 by 0.1% to 3.6% and 3.7% respectively in the latest World Economic Outlook report released in October 2017 in view of the better growth in investment, trade and industrial production, coupled with strengthening in business and consumer confidence in advanced economies, China, emerging Europe and Russia. Oil prices have stabilised at around \$50 due to higher drawdown in US crude oil inventories and OPEC and non-OPEC members agreeing on the extension of output reduction in late May.

In the US, according to the advance estimate by the Bureau of Economic Analysis (“BEA”), Gross Domestic Product (“GDP”) increased 3.0% quarter-on-quarter (“q-o-q”) in 3Q after growing 3.1% q-o-q in 2Q 2017. The ISM Manufacturing Purchasing Manager Index (“PMI”) rose strongly to 60.8 in September from 57.8 in June 2017, while the ISM Non-Manufacturing PMI Index also jumped to 59.8 in September compared to 57.4 in June 2017. Meanwhile, headline inflation increased due to a rise in energy prices. The Consumer Price Index (“CPI”) rose to 2.2% year-on-year (“y-o-y”) in September compared to 1.6% y-o-y in June 2017. The US unemployment rate improved to 4.3% in September from 4.4% in June 2017 as the participation rate improved from 62.8% to 63.1%. The improvement in the unemployment rate suggests underlying strength in the labour market. The Federal Reserve (“the Fed”) maintained the Fed Funds Rate at the September meeting. Notwithstanding, Fed officials continue to maintain its projection of one more rate hike in 2017 after hiking rates twice this year as improvements in business and consumer sentiment continue. At the same time, the Fed has begun implementing a balance sheet normalization programme from October onwards.

In the Eurozone, economic data indicates positive growth but inflation fell due to a fall in energy prices. Based on preliminary estimates by the European Commission (“EC”), the Eurozone GDP forecast rose 2.1% y-o-y in 3Q compared to 2.3% y-o-y in 2Q 2017. The Markit Eurozone Composite PMI, which tracks sentiment among purchasing managers within the manufacturing and service sectors rose to 56.7 in September compared to 56.3 in June 2017. The Consumer Confidence Indicator improved slightly to -1.2 from -1.3. Inflation rose to 1.5% y-o-y in September from 1.3% y-o-y in June 2017. During its September policy meeting, the European Central Bank (“ECB”) kept interest rates unchanged despite an improved growth outlook and receding political uncertainty. Although underlying inflation has ticked up recently, the ECB reiterated that a considerable degree of monetary accommodation is still needed for inflation dynamics to become durable and self-sustaining. In the UK, the economy continued to show resiliency as Brexit negotiations with the EU progress. Although inflation numbers printed higher, the Bank of England (“BOE”) voted to hold the bank rate at 0.25% and to continue the QE programme in the September meeting, in order to support growth. Notwithstanding, the BOE’s governor said in his speech at the IMF that the withdrawal of monetary stimulus is likely to be appropriate over the coming months if the economy and price pressures keep growing.

In China, economic indicators were generally mixed. The country’s GDP grew at 6.8% y-o-y in 3Q 2017, slightly lower than 6.9% y-o-y in 2Q indicating that the economy has maintained its growth momentum. The Caixin Manufacturing PMI rose to 51.0 in September compared to 50.4 in June 2017, suggesting that investment activities continue to recover, albeit at a slower pace. The Caixin Services PMI fell to 50.6 in September compared to 51.6 in June 2017. Private consumption remained relatively constant, with retail sales growing at 10.3% y-o-y in September compared to 11.0% in June 2017. Exports came in at 8.1% y-o-y in September, a slower pace compared to 10.9% y-o-y in June 2017, while import growth rose to 18.7% y-o-y in September from 17.0% y-o-y in June 2017. The CPI rose to 1.6% y-o-y in September from 1.5% y-o-y in June 2017. The Renminbi (“RMB”) exchange rate has stabilised after the People’s Bank of China (“PBOC”) raised interest rates through various liquidity operations earlier this year. The PBOC is expected to maintain a neutral monetary policy stance despite cutting the reserve requirement ratio by 50 basis points for banks at the end of September. The Chinese government is likely to continue their supportive policy for infrastructure investment, which is one pillar of economic growth for China in 2017. The elimination of obsolete capacities for steel and coal sectors have surpassed their last year targets.

### Currency

The Singapore dollar nominal effective exchange rate (S\$NEER) Index rose from 124.90 on 30<sup>th</sup> June to 125.52 as of 30<sup>th</sup> September 2017. The strength was largely attributed to the weakness of the USD and CNY. In 3Q 2017, SGD strengthened against USD by 1.37%, CNY by 0.55%, JPY by 2.06% and KRW by 1.50% while it weakened against EUR by 1.58%, GBP by 1.64% and AUD by 0.56%.

In its quarterly Recent Economic Developments in Singapore report released in early September, the Monetary Authority of Singapore (“MAS”) noted that growth of the economy is likely to expand at a slightly faster pace compared to 2016 due to improved external demand and global trade. According to the advance estimates by Ministry of Trade and Industry (“MTI”), the Singapore economy grew by 4.6% y-o-y in 3Q 2017, faster than the 2.9% growth in the previous quarter. On a q-o-q seasonally adjusted annualized basis, real GDP rose by 6.3% compared to the 2.4% expansion in 2Q 2017.

Singapore's headline inflation has stayed positive since December 2016, even as the September 2017 CPI-All Items inflation statistic from MTI fell to 0.4% y-o-y compared to 0.5% y-o-y in June 2017. MAS Core Inflation, which excludes the cost of accommodation and private road transport, remained flat at 1.5% y-o-y in September compared to June 2017. The MAS expects the Core Inflation to average around 1.5% in 2017 and average 1.0-2.0% in 2018, as compared to 0.9% in 2016. The CPI-All Items inflation is projected to be around 0.5% in 2017 and remain in the range of 0.0-1.0% in 2018, up from -0.5% in 2016. In the October meeting, MAS maintained its neutral policy stance on the S\$NEER.

## TARGETED ASSET CLASSES

### Loan Portfolio and Securitisation Assets

The CLO primary market ending 3Q 2017 overtook last year's total issuance of US\$91.0 billion, at US\$96.5 billion across 179 transactions and 109 managers. In total, US\$30.33 billion in US new issue priced in Q3, which compares to US\$35.1 billion in Q2, and US\$17.38 billion in Q1. In Europe, Q3 EUR new issue supply totalled €3.99 billion, slightly lower than €5.54 billion in Q2, and higher than €2.83 billion in Q1. New issue spreads continued to print tighter for both US and EUR CLOs. In 3Q 2017, the refinancing activities have slowed down considerably, while reset volume remained high. Total refinance and reset issuance year-to-date reached US\$149.6 billion, setting a post-crisis record of US\$246.2 billion of global issuance.

The price of the Palmer Square CLO Debt Index, which tracks the value of US mezzanine CLO debt tranches, gained 1.57% in USD terms in 3Q 2017.

### Bonds

During the quarter, bond yields were overall little changed against a largely unchanged global economic backdrop. While the late 2Q 2017 selloff initially carried on in the start of 3Q, the trend moderated as an increasing expectation of a hawkish shift among central banks were reined in. Yields moved lower in August, precipitated by safe haven buying, before reversing course once more in September as risk appetite returned. There were some signs of tapering as the US Fed announced it will commence the reduction of its balance sheet at a rate of US\$10 billion a month from October and the ECB gave indications that it is preparing to taper its quantitative easing. Political risks remained as the quarter saw a marked escalation in tensions between the US and North Korea. However, there were little policy progress in the US, although a framework tax reform plan was unveiled in late September.

The JP Morgan Asia Credit Index, which tracks the Asian bond markets, posted a gain of 1.27% in USD terms in 3Q 2017. The JP Morgan US Liquid Index, which tracks the investment grade US-Dollar denominated corporate bond market, rose 1.47% in USD terms in the same period.

### Bank Contingent Convertibles ( "CoCos" )

The third quarter carried forward the positive banking earnings outlook from the previous quarter as both the Fed and ECB highlighted their commitment of liquidity support towards the market via a slow extended withdrawal of Quantitative Easing (QE) measures. With trading revenues remained constrained due to low volatility in the bond and equity markets thus far, net interest margins were supported by non-performing asset divestments as Issuers continued their deleveraging efforts.

Russian AT1 valuations were weighed down over concerns of a potential liquidity contagion after the Central Bank of Russia (CBR) instituted a bail-out of two privately-owned banks – Otkritie Bank and BIN Bank in August. This eased towards the quarter end after the CBR created a new liquidity support fund and designated the remaining large privately-owned banks as D-SIBs, granting them access to additional liquidity support in-line with the state owned banks.

Political risk rose slightly from the previous quarter as a far-right anti-immigration party gained significant seats in the Bundestag after the German elections. While Angela Merkel retained her post as Chancellor, this led to a change in the ruling German coalition composition, of which now consist of parties with differing views on Germany's potential stance on ongoing Brexit negotiations. The limited progression of the Brexit negotiations continue to remain a concern.

Overall, Bank CoCo market valuations continued to tighten, highlighting the maturity and depth of the market as smaller issuers continue to progressively issue AT1s in compliance of their regulatory capital requirements. A stronger volume q-o-q of primary issuances in 3Q 2017 led by Spanish and Chinese banks were well bid despite the various regulatory actions made against the weaker banking entities of various countries in the previous quarter.

The Bank of America Merrill Lynch Contingent Capital Index, which track the global COCO debt markets, gained 3.95% in USD terms in 3Q 2017.

### Listed Equities

Global equity markets continued to post solid gains in 3Q 2017. The S&P 500 rose over the quarter amid overall supportive macroeconomic data, a robust quarterly reporting season and further weakness on the US dollar. Eurozone equities advanced due to positive economic data. The possibility that the ECB could soon reduce its stimulus package continued to be a focus for the market. Chinese stocks led gains as they advanced strongly on signs that growth was picking up momentum. A stronger yuan also helped to ease fears over capital outflows.

The MSCI World Index, which tracks the global equity markets, climbed 4.39% in USD terms in 3Q 2017.

### Summary

Despite continuous improvements in the financial markets in the third quarter of 2017, the global macro environment remains challenging going into the last quarter of 2017. Economic policy such as the tax reform under the new US administration continues to be uncertain. Geopolitical tension arising from the ongoing hardline rhetoric between US and North Korea is likely to keep financial markets on edge and worried about the possible breakout of military conflict. In Europe, despite populist anti-establishment parties have so far performed worse than expected and failed to gain power in Austria, the Netherlands and France, the German election result surprised the markets that the far-right party won 13% of the vote for the first time. While Merkel's party is expected to lead a new coalition government, negotiations are expected to be prolonged. The Catalonia's independence referendum in Spain also raised new questions about the Eurozone's political landscape. Brent crude increased 15.82% over the quarter while the Bloomberg Commodity Index, which tracks global commodities rose 1.63% q-o-q. Headwinds in the oil and gas sector remain as the return of US shale oil production and inventory build-up could limit the upside of oil prices.

In view of market volatility amidst a challenging economic and political environment, the Company will take a cautious stance and selective approach in its investment.

<sup>1</sup> Sources include research publications by brokerage house, banks, information service providers, associations and media.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Quarter ended 30 Sep 17 S\$'000	Group Year to date 30 Sep 17 S\$'000	Group Quarter ended 30 Sep 16 S\$'000	Group Year to date 30 Sep 16 S\$'000
Revenue				
Dividend income	604	1,346	419	1,209
Interest income	4,080	12,868	4,307	12,046
Net foreign exchange gain (net of hedges)	996	2,849	937	-
Net gain on sale of investments	1,928	8,962	1,189	14,624
Net gain on financial assets designated as fair value through profit or loss	270	1,837	1,088	871
Other income	232	232	307	307
Total revenue	8,110	28,094	8,247	29,057
Expenses				
Management fees	(593)	(1,715)	(497)	(1,450)
Incentive fees	(698)	(4,926)	-	-
Net foreign exchange loss (net of hedges)	-	-	-	(989)
Finance costs	-	-	-	(1)
Other operating expenses	(496)	(1,549)	(544)	(1,634)
Total expenses	(1,787)	(8,190)	(1,041)	(4,074)
Net impairment expense	(757)	(2,686)	(2,815)	(8,199)
Profit before tax	5,566	17,218	4,391	16,784
Income tax expense	(28)	(80)	(13)	(60)
Profit after tax	5,538	17,138	4,378	16,724
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets				
- Fair value gain	1,336	9,163	7,516	3,852
- Reclassification to profit or loss	526	(2,228)	3,193	822
Currency translation differences arising from consolidation				
- (Loss)/gain	(1,258)	(5,621)	1,657	(4,515)
Other comprehensive income for the period after tax	604	1,314	12,366	159
Total comprehensive income for the period attributable to shareholders	6,142	18,452	16,744	16,883
Basic earnings per share (cents per share)	0.34	1.08	0.29	1.13
Diluted earnings per share (cents per share)	0.34	1.08	0.29	1.13

## STATEMENT OF FINANCIAL POSITION

	Group As at 30 Sep 17 S\$'000	Group As at 31 Dec 16 S\$'000	Company As at 30 Sep 17 S\$'000	Company As at 31 Dec 16 S\$'000
<b>ASSETS</b>				
Non-current assets				
Investments in subsidiaries	-	-	92,485	92,435
Loans and receivables	53,177	53,957	53,177	53,957
Available-for-sale financial assets	146,787	128,122	146,787	128,122
Financial assets at fair value through profit or loss	62,600	63,002	62,600	63,002
	<u>262,564</u>	<u>245,081</u>	<u>355,049</u>	<u>337,516</u>
Current assets				
Cash and cash equivalents	16,046	21,889	16,046	20,687
Available-for-sale financial assets	46,574	45,799	46,574	41,884
Financial assets at fair value through profit or loss	-	490	-	490
Other assets	4,643	3,230	4,641	3,195
	<u>67,263</u>	<u>71,408</u>	<u>67,261</u>	<u>66,256</u>
Total Assets	<u>329,827</u>	<u>316,489</u>	<u>422,310</u>	<u>403,772</u>
<b>LIABILITIES</b>				
Intercompany payables	-	-	92,483	87,285
Other liabilities	14,990	5,718	14,990	5,716
Total Liabilities	<u>14,990</u>	<u>5,718</u>	<u>107,473</u>	<u>93,001</u>
Net assets attributable to shareholders	<u>314,837</u>	<u>310,771</u>	<u>314,837</u>	<u>310,771</u>
<b>EQUITY</b>				
Share capital	557,139	549,432	557,139	549,432
Capital reserve	(65,846)	(65,846)	(65,846)	(65,846)
Available-for-sale financial assets revaluation Reserve	19,931	12,996	19,863	10,357
Translation reserve	8,972	14,593	-	-
Accumulated losses	(205,359)	(200,404)	(196,319)	(183,172)
Total Equity	<u>314,837</u>	<u>310,771</u>	<u>314,837</u>	<u>310,771</u>
Net asset value per share (S\$ per share)	<u>0.1957</u>	<u>0.2003</u>	<u>0.1957</u>	<u>0.2003</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Quarter ended 30 Sep 17 S\$'000	Group Year to date 30 Sep 17 S\$'000	Group Quarter ended 30 Sep 16 S\$'000	Group Year to date 30 Sep 16 S\$'000
<b>Cash flows used in/from operating activities</b>				
Operating costs paid	(5,578)	(8,745)	(1,388)	(3,637)
Interest income received	4,669	13,229	4,130	11,675
Dividend income received	781	1,239	620	1,099
Settlement of forward contracts	659	(1,470)	-	2,465
Other income received	232	232	-	-
Income tax paid	(40)	(75)	(12)	(59)
<b>Net cash flows from operating activities</b>	<b>723</b>	<b>4,410</b>	<b>3,350</b>	<b>11,543</b>
<b>Cash flows used in/from investing activities</b>				
Purchase of financial assets	(13,154)	(77,297)	(21,920)	(81,377)
Loan repayments received	355	1,531	69	3,415
Proceeds from disposal of financial assets	18,438	69,429	13,078	59,477
<b>Net cash flows generated from/(used in) investing activities</b>	<b>5,639</b>	<b>(6,337)</b>	<b>(8,773)</b>	<b>(18,485)</b>
<b>Cash flows used in financing activities</b>				
Dividends paid	-	(3,931)	-	(4,466)
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>(3,931)</b>	<b>-</b>	<b>(4,466)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,362</b>	<b>(5,858)</b>	<b>(5,423)</b>	<b>(11,408)</b>
Cash and cash equivalents at beginning of period	9,591	21,889	21,794	29,110
Effects of exchange rate changes on cash and cash equivalents	93	15	221	(1,110)
<b>Cash and cash equivalents at end of period</b>	<b>16,046</b>	<b>16,046</b>	<b>16,592</b>	<b>16,592</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<b>Changes in shareholders' equity of the Group for the quarter and period ended 30 September 2017</b>	<b>Share capital S\$'000</b>	<b>Capital reserve<sup>1</sup> S\$'000</b>	<b>Available-for-sale financial assets revaluation reserve S\$'000</b>	<b>Translation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
Total equity at 1 January 2017	549,432	(65,846)	12,996	14,593	(200,404)	310,771
Total comprehensive income for the 1st half year ended 30 June 2017	-	-	5,073	(4,363)	11,600	12,310
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(11,638)	(11,638)
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	7,707	-	-	-	-	7,707
<b>Total equity at 30 June 2017</b>	<b>557,139</b>	<b>(65,846)</b>	<b>18,069</b>	<b>10,230</b>	<b>(200,442)</b>	<b>319,150</b>
Total comprehensive income for the 3rd quarter ended 30 September 2017	-	-	1,862	(1,258)	5,538	6,142
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(10,455)	(10,455)
<b>Total equity at 30 September 2017</b>	<b>557,139</b>	<b>(65,846)</b>	<b>19,931</b>	<b>8,972</b>	<b>(205,359)</b>	<b>314,837</b>

<b>Changes in shareholders' equity of the Group for the quarter and period ended 30 September 2016</b>	<b>Share capital S\$'000</b>	<b>Capital reserve<sup>1</sup> S\$'000</b>	<b>Available-for-sale financial assets revaluation reserve S\$'000</b>	<b>Translation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
Total equity at 1 January 2016	535,837	(65,846)	3,591	14,026	(195,394)	292,214
Total comprehensive income for the 1st half year ended 30 June 2016	-	-	(6,035)	(6,172)	12,346	139
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(10,848)	(10,848)
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,381	-	-	-	-	6,381
<b>Total equity at 30 June 2016</b>	<b>542,218</b>	<b>(65,846)</b>	<b>(2,444)</b>	<b>7,854</b>	<b>(193,896)</b>	<b>287,886</b>
Total comprehensive income for the 3rd quarter ended 30 September 2016	-	-	10,709	1,657	4,378	16,744
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(11,222)	(11,222)
<b>Total equity at 30 September 2016</b>	<b>542,218</b>	<b>(65,846)</b>	<b>8,265</b>	<b>9,511</b>	<b>(200,740)</b>	<b>293,408</b>

<sup>1</sup> Following the change in the Company's functional currency from United States Dollar to Singapore Dollar on 1 January 2012, cumulative currency translation differences which had arisen up to the date of the change of functional currency were reallocated to capital reserve and accumulated losses.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

<b>Changes in shareholders' equity of the Company for the quarter and period ended 30 September 2017</b>	<b>Share capital S\$'000</b>	<b>Capital reserve<sup>1</sup> S\$'000</b>	<b>Available-for-sale financial assets revaluation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
Total equity at 1 January 2017	549,432	(65,846)	10,357	(183,172)	310,771
Total comprehensive income for the 1st half year ended 30 June 2017	-	-	7,646	4,664	12,310
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(11,638)	(11,638)
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	7,707	-	-	-	7,707
<b>Total equity at 30 June 2017</b>	<b>557,139</b>	<b>(65,846)</b>	<b>18,003</b>	<b>(190,146)</b>	<b>319,150</b>
Total comprehensive income for the 3rd quarter ended 30 September 2017	-	-	1,860	4,282	6,142
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(10,455)	(10,455)
<b>Total equity at 30 September 2017</b>	<b>557,139</b>	<b>(65,846)</b>	<b>19,863</b>	<b>(196,319)</b>	<b>314,837</b>

<b>Changes in shareholders' equity of the Company for the quarter and period ended 30 September 2016</b>	<b>Share capital S\$'000</b>	<b>Capital reserve<sup>1</sup> S\$'000</b>	<b>Available-for-sale financial assets revaluation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
Total equity at 1 January 2016	535,837	(65,846)	(2,948)	(174,829)	292,214
Total comprehensive income for the 1st half year ended 30 June 2016	-	-	1,783	(1,644)	139
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(10,848)	(10,848)
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,381	-	-	-	6,381
<b>Total equity at 30 June 2016</b>	<b>542,218</b>	<b>(65,846)</b>	<b>(1,165)</b>	<b>(187,321)</b>	<b>287,886</b>
Total comprehensive income for the 3rd quarter ended 30 September 2016	-	-	7,285	9,459	16,744
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(11,222)	(11,222)
<b>Total equity at 30 September 2016</b>	<b>542,218</b>	<b>(65,846)</b>	<b>6,120</b>	<b>(189,084)</b>	<b>293,408</b>

<sup>1</sup> Refer to note on page 12

## ACCOUNTING POLICIES APPLICATION

Accounting policies and methods of computation applied in preparation of these figures that are not stated in this report are the same as those used in the most recently audited annual financial statements of the Group and the Company.

## DIVIDENDS

No dividend has been declared in respect of the current period.

On 11 August 2017, the Company has declared an interim dividend of 0.65 Singapore cents per share for the financial year ending 31 December 2017 amounting to S\$10.46 million. This dividend has been paid on 16 October 2017.

<b>Ordinary Shares</b>	<b>Group 2017</b>	<b>Group 2016</b>
<u>Interim Dividend</u>		
Dividend per Share (cents)	0.65	0.75
Dividend amount (S\$'000)	10,455	11,222
<u>Final Dividend</u>		
Dividend per Share (cents)	-	0.75
Dividend amount (S\$'000)	-	11,638
<b>Total Dividend (S\$'000)</b>	<b>10,455</b>	<b>22,860</b>

## CHANGES IN SHARE CAPITAL

The movement in the number of issued and fully paid-up ordinary shares for the nine months ended 30 September 2017 is as follows:

<b>Company</b>	<b>Number of shares '000</b>	<b>Share capital at par value S\$'000</b>	<b>Share premium reserve S\$'000</b>	<b>Share capital S\$'000</b>
<b>Issued and fully paid shares</b>				
Opening balance as at 1 January 2017	1,551,775	15,518	533,914	549,432
Movements from 1 January 2017 to 30 June 2017	56,675	567	7,140	7,707
Total share capital as at 30 June 2017	1,608,450	16,085	541,054	557,139
Movements from 1 July 2017 to 30 September 2017	-	-	-	-
<b>Total share capital as at 30 September 2017</b>	<b>1,608,450</b>	<b>16,085</b>	<b>541,054</b>	<b>557,139</b>

On 26 April 2017, the Company issued and allotted 56,674,853 new ordinary shares at an issue price of 13.6 Singapore cents per share to eligible shareholders who have elected to participate in the Scrip Dividend Scheme.

## NET ASSET VALUE

	Group As at 30 Sep 17	Company As at 30 Sep 17	Group As at 31 Dec 16	Company As at 31 Dec 16
Total net asset value (S\$'000)	314,837	314,837	310,771	310,771
Total number of ordinary shares in issue used in calculation of net asset value per share ('000)	1,608,450	1,608,450	1,551,775	1,551,775
Net asset value per ordinary share (S\$ per share)	0.1957	0.1957	0.2003	0.2003

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 in issue as at the end of the accounting period.

\* The net asset value per share of the Group as at 30 September 2017 was 19.57 Singapore cents after the payment of 2016 final dividend of 0.75 Singapore cents per share and taking into account the new shares issued pursuant to the Scrip Dividend Scheme as well as the interim dividend declared in August 2017. If the 2016 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2016, the net asset value per share as at 31 December 2016 would have been 19.08 Singapore cents instead of 20.03 Singapore cents per share. After adjusting for the 2017 interim dividend, the net asset value per share as at 30 September 2017 would have been 20.22 Singapore cents and the increase in net asset value per share would be 5.97%.

## EARNINGS PER SHARE

	Group Quarter ended 30 Sep 17	Group Year to date 30 Sep 17	Group Quarter ended 30 Sep 16	Group Year to date 30 Sep 16
<b>Basic earnings per share</b>				
Earnings used in calculation of basic earnings per share (S\$'000)	5,538	17,138	4,378	16,724
Weighted average number of shares in issue used in calculation of basic earnings per share ('000)	1,608,450	1,584,576	1,496,290	1,475,001
Basic earnings per share (cents per share)	0.34	1.08	0.29	1.13
<b>Diluted earnings per share</b>				
Earnings used in calculation of diluted earnings per share (S\$'000)	5,538	17,138	4,378	16,724
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	1,608,450	1,584,576	1,496,290	1,475,001
Diluted earnings per share (cents per share) <sup>1</sup>	0.34	1.08	0.29	1.13

<sup>1</sup> In future period, shares may be issued to the Manager in lieu of management fees otherwise payable in cash. This will have a dilutive effect on earnings per share.

## **AUDIT OR REVIEW**

The figures in this report have not been audited or reviewed.

## **INTERESTED PERSON TRANSACTION**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

## **CONFIRMATION OF THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

On behalf of the Board of Directors of Global Investments Limited, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the quarter ended 30 September 2017 to be false or misleading in any material respect.

## **CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL**

The Company confirms that it has procured the undertakings from all its Directors in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors

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Boon Swan Foo  
Chairman  
10 November 2017

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Jason See Yong Kiat  
Manager Nominated Director  
10 November 2017