



# GLOBAL INVESTMENTS LIMITED

## **4Q 2017 and Full Year 2017 Results For The Year Ended 31 December 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 31 DECEMBER 2017

The Company and its subsidiaries (the Group) recorded a higher profit after tax of S\$21.8 million in the current quarter as compared to S\$0.3 million in 4Q 2016. Total comprehensive income for the quarter of S\$11.7 million was higher than the S\$10.1 million recorded in the same quarter of previous year.

#### REVENUE

Revenue for the current quarter of S\$21.4 million was 2.6 times higher than the S\$6.0 million recorded in 4Q 2016. The higher revenue was mainly due to the net gain on sale of investments of \$16.8 million as compared to S\$0.3 million in 4Q 2016. The higher revenue was slightly offset by lower interest income and lower gain on financial assets designated as fair value through profit or loss.

#### EXPENSES

Expenses for the current quarter was higher at S\$5.7 million compared to S\$3.1 million in the same quarter last year. This was due mainly to higher net foreign exchange loss of S\$5.3 million as a result of the depreciation of currencies (USD, AUD, EUR, and HKD) against SGD. The higher expense was slightly offset by the reversal of 2H 2017 manager incentive fee of S\$0.7 million accrued in 3Q 2017. The incentive fee payable for 2H 2017 of S\$0.9 million has been waived by the manager.

#### NET REVERSAL OF IMPAIRMENT EXPENSE / NET IMPAIRMENT EXPENSE

During the quarter, the Group recognised a net reversal of impairment expense of S\$6.1 million for its portfolio of listed equities, bonds, bank contingent convertibles and collateralised loan obligation (CLO) securities. In 4Q 2016, a net impairment expense of S\$2.6 million was recorded for its portfolio of listed equities and bonds.

#### OTHER COMPREHENSIVE INCOME

Other comprehensive income for the Group amounted to a loss of S\$10.2 million in the current quarter versus a S\$9.8 million income in 4Q 2016. The negative other comprehensive income for the current quarter was mainly due to the reclassification of fair value gain to profit or loss of S\$15.5 million following reversal of impairment and sale of available-for-sale (AFS) financial assets. The loss was slightly offset by a fair value gain on AFS financial assets of S\$3.2 million and a translation gain of S\$2.1 million. In 4Q 2016, the other comprehensive income of S\$9.8 million was mainly attributed to fair value gain of S\$3.9 million and a translation gain of S\$5.1 million.

### YEAR ENDED 31 DECEMBER 2017

For the year ended 31 December 2017, the Group recorded a net profit of S\$39.0 million which was 128.1% higher than the profit of S\$17.1 million recorded in the previous year. Total comprehensive income of S\$30.1 million was 11.5% higher than the S\$27.0 million recorded last year.

#### REVENUE

Revenue for the current year was S\$46.7 million, 33.0% higher than the S\$35.1 million recorded last year. The higher revenue was mainly contributed by higher gain on sale of investments of S\$25.8 million as compared to S\$14.9 million last year. Net gain on financial assets designated as fair value through profit or loss of S\$2.5 million was also higher as compared to the net gain of S\$1.8 million in the prior year.

#### EXPENSES

Expenses for the current year was higher at S\$11.1 million as compared to S\$7.2 million last year. This was mainly due to the manager incentive fee of S\$4.2 million in the current year compared to S\$0.6 million in the prior year. For the full year, a total of S\$2.7 million of incentive fee has been waived by the manager.

### **NET REVERSAL OF IMPAIRMENT EXPENSE / NET IMPAIRMENT EXPENSE**

For the year ended 31 December 2017, the Group recognised a net reversal of impairment expense of S\$3.4 million arising from the portfolio of listed equities, bonds, bank contingent convertibles and CLO notes. For the year ended 31 December 2016, the Group recognised a net impairment expense of S\$10.8 million arising from the portfolio of listed equities, bond and CLO notes.

### **OTHER COMPREHENSIVE INCOME**

Other comprehensive income for the year ended 31 December 2017 amounted to a loss of S\$8.8 million versus S\$10.0 million income in the prior year. The negative other comprehensive income for the year was mainly due to the reclassification of fair value gain to profit or loss of S\$17.8 million following impairment reversals and sale of AFS financial assets. A translation loss of S\$3.5 million was recorded following the depreciation of USD against the SGD. The loss was partially offset by a net fair value gain of S\$12.4 million on AFS financial assets. In the prior year, the other comprehensive income of S\$10.0 million was largely attributed to fair value gain of S\$7.8 million and the reclassification of fair value loss of S\$1.6 million to profit or loss following the impairment and sale of AFS financial assets.

### **STATEMENT OF FINANCIAL POSITION**

#### **LOANS AND RECEIVABLES**

The loans and receivables balance as at 31 December 2017 was S\$35.6 million, a decrease of S\$18.4 million from S\$54.0 million as at 31 December 2016. It comprised investments in CLO notes, Asset Backed Securities (ABS) and a bond. The lower balance was mainly due to redemption of residential mortgage-backed securities (RMBS) and CLO notes during the year.

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

The AFS financial assets of S\$147.3 million as at 31 December 2017 comprised investments in listed equities, bonds and bank contingent convertibles. The decrease of S\$26.6 million from S\$173.9 million as at 31 December 2016 was mainly due to net disposal of investments during the year, slightly offset by an increase in valuation.

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

The financial assets at fair value through profit or loss was S\$59.0 million as at 31 December 2017 as compared to S\$63.5 million as of 31 December 2016. It comprised investments in a portfolio of bonds and bank contingent convertibles. The decrease of S\$4.5 million during the period was due to the net disposal of investments, offset by an increase in valuation.

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

The higher cash and cash equivalents of S\$88.1 million as at 31 December 2017 compared to S\$21.9 million as at 31 December 2016 was mainly due to net disposal and redemption of investments.

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

The net asset value per share of the Group as at 31 December 2017 was 20.14 Singapore cents after the payment of 2016 final dividend of 0.75 Singapore cents per share, 2017 interim dividend of 0.65 Singapore cents per share and taking into account the new shares issued pursuant to the Scrip Dividend Scheme. 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 and shares relating to the Scrip Dividend Scheme, the net asset value per share as at 31 December 2017 would have been 20.95 Singapore cents and the increase in net asset value per share would be 9.80%.

#### **RETURN ON EQUITY**

The Group achieved higher return on equity (computed based on net profit after tax over the average total equity) of 12.1% in 2017 as compared to 5.7% in 2016 mainly due to a higher profit after tax.

## 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 as at 31 December 2017 comprised the following assets:

### LOAN PORTFOLIO AND SECURITISATION ASSETS

The Group is invested in a portfolio of USD and EUR denominated CLO notes. 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 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

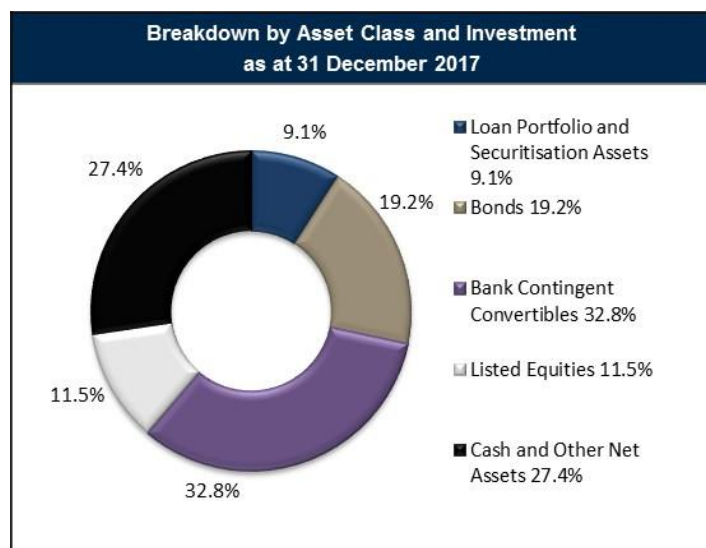
The Group is invested in a portfolio of mainly high yield bonds denominated in various currencies.

### 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.



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

### MACROECONOMIC OUTLOOK

The International Monetary Fund (IMF) revised upwards its projection for global economic growth for both 2018 and 2019 by 0.2% to 3.9% in the latest World Economic Outlook report released in January 2018. Favourable global financial conditions and strong sentiment will help maintain the recent acceleration in demand, especially in investment, with a noticeable impact on growth in economies with large exports. Recently approved U.S. tax policy changes are expected to be mild positive.

In the US, according to the advance estimate by the Bureau of Economic Analysis (BEA), Gross Domestic Product (GDP) increased 2.6% quarter-on-quarter (q-o-q) in 4Q after growing 3.2% q-o-q in 3Q 2017. The ISM Manufacturing Purchasing Manager Index (PMI) dropped slightly to 59.7 in December from 60.8 in September 2017, while the ISM Non-Manufacturing PMI Index dropped to 55.9 in December compared to 59.8 in September 2017. Meanwhile, headline inflation increased due to a rise in energy prices. The Consumer Price Index (CPI) rose 2.1% year-on-year (y-o-y) in December compared to 2.2% y-o-y in September 2017. The US unemployment rate decreased slightly to 4.1% in December from 4.2% in September 2017 but the participation rate decreased from 63.0% to 62.7%. The labour market is on solid footing, potentially accelerating, and on track to drive the unemployment rate lower in the near term. Lower unemployment and mounting wage pressures will test the Federal Reserve's (Fed) conviction to maintain its scheduled trajectory for rate increases in 2018, particularly if the USD continues to depreciate at a rapid pace. The Fed raised the Fed Funds Rate by 25 basis points at the December meeting. Fed officials have also projected three rate hikes in 2018, with a positive growth and employment outlook for the year ahead in view of the strong economic performance in 2017 and further optimism on the heels of the tax cuts which are likely to underpin hiring and investment throughout the year. The Fed has maintained its inflation target of 2.0% in the medium term.

Based on preliminary estimates by the European Commission (EC), the Eurozone GDP rose 2.7% y-o-y in 4Q compared to 2.8% y-o-y in 3Q 2017. The Markit Eurozone Composite PMI, which tracks sentiment among purchasing managers within the manufacturing and service sectors rose to 58.1 in December compared to 56.7 in September 2017, with broad-based strength across the member countries. The Consumer Confidence Indicator improved significantly to 0.5 from -1.2. Inflation decreased slightly to 1.4% y-o-y in December from 1.5% y-o-y in September 2017. At the October European Central Bank (ECB) meeting, the ECB left policy rates unchanged but announced that the quantitative easing programme would be extended to September 2018, which indicated that the ECB decided to remain patient and persistent in maintaining an easy policy stance despite a positive economic backdrop. However, the ECB will begin to gradually wind down their asset purchase programme, by halving the pace of purchases from €60 billion to €30 billion per month starting in January 2018. The ECB's action was likely supported by strong economic data coming out of the Eurozone, with private sector confidence at an all-time high from early 2000's and unemployment at a 9-year low.

The Bank of England (BoE) raised the bank rate to 0.5% in November and subsequently made no changes in December. This was in response to a rise in CPI inflation which reached 3.0% in September and 3.1% in November, as a result of past depreciation of the GBP and rise in energy prices. The BoE's view is that inflation is at a peak and will gradually moderate towards the BoE's 2% target as the diminishing effect of GBP's depreciation wears off, although domestic inflationary effects will pick up amidst a tightening labour market. Brexit talks made a breakthrough in December as United Kingdom's Prime Minister Theresa May struck a last minute deal with the EU, agreeing on an exit settlement amount of between £35 billion to £39 billion during a two-year 'transition' period after the exit in March 2019, while also agreeing on border issues between Northern Ireland and Republic of Ireland, and guaranteeing the rights of EU citizens living in the UK.

In China, GDP grew at 6.8% y-o-y in 4Q 2017, the same pace as in 3Q, exceeding expectations that the Chinese economy would continue on a downward growth trend. The Caixin Manufacturing PMI rose to 51.5 in December compared to 51.0 in September 2017. The Caixin Services PMI rose to 53.9 in December compared to 50.6 in September 2017. Private consumption slowed slightly, with retail sales growing at 9.4% y-o-y in December compared to 10.3% in September 2017. Exports came in at 10.9% y-o-y in December, compared to 7.9% y-o-y in September 2017, while import growth dropped sharply to 4.5% y-o-y in December from 17.1% y-o-y in September 2017. The CPI rose to 1.8% y-o-y in December from 1.6% y-o-y in September 2017.

Overall, in the first 11 months of 2017, China's foreign exchange reserves have increased by US\$108.8 billion, reaching US\$3.12 trillion in November. Capital outflows have dropped significantly in 2017 compared to 2015 and 2016, due to favourable domestic macroeconomic conditions, CNY stability, capital controls, reduced near-term credit risks, and rising foreign borrowings by corporates amid domestic financial deleveraging. China concluded the 19th National Congress in October where the Chinese government reaffirmed its commitment to economic and structural reforms in the economy, such as deleveraging, overcapacity reduction, SOE reforms, etc. This will result in a shift to a lower level but higher quality of economic growth, which should reduce downside risks, boost confidence, promote healthier long-term growth and mitigate capital outflow pressures.

## Currency

The Singapore dollar nominal effective exchange rate (S\$NEER) increased over the quarter. The S\$NEER Index rose from 125.52 on 29th September to 125.84 as of 29th December 2017. In 4Q 2017, SGD strengthened against USD by 1.60%, GBP by 1.30%, EUR by 0.28%, JPY by 1.75%, CHF by 2.37% and AUD by 2.31%. Over the same period, the SGD weakened against CNY by 0.79% and KRW by 5.48%.

In its quarterly Recent Economic Developments in Singapore report released in early December, the Monetary Authority of Singapore (MAS) noted that growth of the economy is likely to expand at a steady but slower pace compared to 2017. According to the advance estimates by Ministry of Trade and Industry (MTI), the Singapore economy grew by 3.1% y-o-y in 4Q17, slower than the 5.2% y-o-y growth in the previous quarter. On a q-o-q seasonally adjusted annualised basis, real GDP rose by 2.8% compared to the 8.8% expansion in 3Q 2017.

Singapore's headline inflation remained stable as the CPI-All Items for December 2017 came in at 0.4% y-o-y, no change compared to September 2017. Full year CPI-All Items was 0.6%, coming in positive for the first time since 2015. MAS Core Inflation, which excludes the cost of accommodation and private road transport, dipped slightly to 1.3% y-o-y in December, compared to 1.5% y-o-y in September, while coming in at 1.5% for the whole year. On a full year basis, education costs were the main contributor, while declining accommodation cost was the biggest drag on inflation. The MAS expects Core Inflation to come in between 1.0-2.0% in 2018, and the CPI-All Items inflation to remain in the range of 0-1.0% in 2018. In the October meeting, MAS maintained its neutral policy stance on the S\$NEER.

## TARGETED ASSET CLASSES

### Loan Portfolio and Securitisation Assets

2017 was marked one of the strongest years for new issue of CLOs as US\$141.5 billion of global supply hit the market across 262 transactions. A total of US\$35.2 billion in US new issues priced in Q4, bringing the full year primary issuance up to \$118 billion, a 63% increase from 2016's volume. In Europe, Q4 EUR new issue supply totalled €7.7 billion, ending the year with record issuance size of €20.5 billion – 22% increase over 2016's volume. Reset and refinancing activities were the highlights of 2017. In addition to the primary issues, CLO managers refinanced or reset another US\$177 billion in US CLO balance across 335 deals, while Euro CLO investors stayed busy with €29.5 billion of refinanced and reset deals. Throughout the year, CLO spreads continued to tighten across the stack for both US and EUR CLOs.

The price of the Palmer Square CLO Debt Index, which tracks the value of US mezzanine CLO debt tranches, gained 2.10% in USD terms in 4Q 2017.

### Bonds

In 4Q 2017, emerging market debt and high yield were the top performers, while US government and agency debt was the laggard. Corporate bonds capped a good year with positive total returns, outperforming government bonds.

US Treasury yields went up over the quarter, amid growing momentum behind a tax reform bill which is expected to stimulate growth and inflation. On December 22, President Trump signed the most extensive tax reform in three decades. The Federal Reserve raised rates in December as expected, for the third time in 2017 and kept its outlook for three rate hikes in 2018 unchanged.

In Europe, positive economic momentum continued unabated, with manufacturing activity at multi-year highs. In October, the European Central Bank announced that it will reduce its monthly quantitative easing purchases down to EUR 30 billion from EUR 60 billion. This lower pace of purchases will start in January and last until at least September of 2018. The announcement proved a significant boost to bond yields. Going forward, key macro events that may impact the European credit markets include Italian elections in March, the ongoing Brexit negotiations, and the winding down of the ECB's asset purchase program.

The JP Morgan Asia Credit Index, which tracks the Asian bond markets, inched up 0.41% in USD terms in 4Q 2017. The JP Morgan US Liquid Index, which tracks the investment grade USD denominated corporate bond market, rose 1.07% in USD terms in the same period.

### Bank Contingent Convertibles

Low volatility across equity and debt markets continued to depress global investment bank trading revenues with a benign interest rate environment and improving oil prices helping to keep banks' cost of risk for their loan book subdued. Stronger reported global PMI data in November is further broadly supportive of improving loan book growth after many banks recapitalized and disposed of NPLs earlier in the year. US banks were a large beneficiary of a reduction in corporate tax rates from 35% to 21% announced in December. While most of the benefits flow through to equity given the already tight spreads on US bank preferreds, higher after tax earnings going forward are a clear positive for the US financial sector.



Political uncertainty in Catalonia did not dent the AT1 market in the quarter, despite causing some volatility on the main two Catalan banks. CaixaBank saw only a moderate loss of customer funds following the referendum, despite separatists' groups asking their supporters to withdraw cash from Catalan banks. Outflows halted and deposits saw new inflows as CaixaBank moved the legal headquarters to Valencia. Meanwhile, confirmation of March 4th as the date of the next Italian elections and dissolution of the parliament by Italian President Mattarella created some political noise in December, particularly on domestic Italian banks. Opinion polls show the anti-establishment Five Star Movement was the main cause of market concerns.

Regulatory developments remained a key tailwind for financial hybrids in December. Banks provided an update on their 2018 core capital requirements (SREP) during the month. Although the average SREP increased in line with the phasing-in of the Capital Conservation Buffer (0.625% in 2018), some banks reported positive reductions of their Pillar 2 Requirements (P2R) – the add-on imposed by the European supervisor to account for bank-specific risks.

The Bank of America Merrill Lynch Contingent Capital Index, which tracks the global COCO debt markets, gained 3.14% in USD terms in 4Q 2017.

### Listed Equities

Global equity markets continued its upswing in 4Q 2017 on the back of better than expected macroeconomic figures and analysts revising upwards in their earnings forecast for companies. S&P 500 ended a strong year with a fourth-quarter gain of 6.6%.

Euro Stoxx 50, however, slipped 2.5% in 4Q 2017. Profit-taking after this year's gains and a stronger euro were in part to blame for the downward move. The market is cautious of a strong Euro which could hurt the export growth in the region.

China stocks continued to rise as investors regained confidence after a good set of economic figures, with the Shanghai Shenzhen CSI 300 Index (CSI 300) as well as the Hang Seng China Enterprises Index which comprised H-shares listed on the Hong Kong Stock Exchange up 5.1% and 7.3% respectively in 4Q 2017. China's economy grew 6.9% in 2017, the fastest since 2015 even as policymakers made headway towards curbing financial risk from excessive debt growth. Elsewhere in South Korea, the KOSPI index rose 3.0% during the quarter, driven by the recovery of the global economy and stronger performances by South Korean exporters. On the home front, STI gained 5.7% in the 4Q17, thanks to an outperformance in property and bank stocks amid an economic recovery.

The MSCI World Index, which tracks the global equity markets, climbed 5.14% in USD terms in 4Q 2017.

### Summary

Financial markets continued to do well in the fourth quarter of 2017 on the back of positive macro environment. Heading into 2018, the Fed and ECB are looking to resume their monetary policy normalization. While the Fed officials projected three rate hikes in 2018, the ECB will also begin to gradually wind down their asset purchase programme, by halving the pace of purchases from €60 billion to €30 billion per month starting in January 2018.

With the prevailing elevated valuations and tight credit spreads, both equity and bond markets are poised for correction in the near term as inflationary pressures are showing signs of building up which could heighten fear of faster rate hikes in the US. Fiscal stimulation in the form of a US\$1.5 trillion tax cut could also end up building inflation too if it further spurs the US economy. At the ECB and BOJ, though, the focus remains on below-target inflation and maintaining existing easy monetary policy. In China, even though consumer prices are on the rise, a strong yuan is helping to keep a lid on import costs and domestic inflation is still contained. However, interest rates are creeping up as the Chinese central bank focus on deleveraging the country's debts.

Brent crude increased 16.2% in the quarter while the Bloomberg Commodity Index, which tracks global commodities rose 4.4%. Going forward, this could lead to a more significant pick-up in inflation.

In view of the increased volatility in the financial markets and the risks of market correction in the near term, the Company will take a cautious stance in rebalancing its portfolio of assets and adopt a 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 31 Dec 17 S\$'000	Group Year to date 31 Dec 17 S\$'000	Group Quarter ended 31 Dec 16 S\$'000	Group Year to date 31 Dec 16 S\$'000
Revenue				
Dividend income	84	1,430	97	1,306
Interest income	3,854	16,722	4,679	16,725
Net gain on sale of investments	16,842	25,804	309	14,933
Net gain on financial assets designated as fair value through profit or loss	633	2,470	941	1,812
Other income	-	232	-	307
Total revenue	21,413	46,658	6,026	35,083
Expenses				
Management fees	(604)	(2,319)	(532)	(1,982)
Incentive fees	698	(4,228)	(615)	(615)
Net foreign exchange loss (net of hedges)	(5,257)	(2,408)	(1,466)	(2,455)
Finance costs	-	-	-	(1)
Other operating expenses	(567)	(2,116)	(523)	(2,157)
Total expenses	(5,730)	(11,071)	(3,136)	(7,210)
Net reversal of impairment expense/ (Net impairment expense)	6,132	3,446	(2,553)	(10,752)
Profit before tax	21,815	39,033	337	17,121
Income tax expense	(1)	(81)	(1)	(61)
Profit after tax	21,814	38,952	336	17,060
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets				
- Fair value gain	3,228	12,391	3,906	7,758
- Reclassification to profit or loss	(15,528)	(17,756)	825	1,647
Currency translation differences arising from consolidation				
- Gain/(loss)	2,143	(3,478)	5,082	567
Other comprehensive income for the period after tax	(10,157)	(8,843)	9,813	9,972
Total comprehensive income for the period attributable to shareholders	11,657	30,109	10,149	27,032
Basic earnings per share (cents per share)	1.33	2.43	0.02	1.14
Diluted earnings per share (cents per share)	1.33	2.43	0.02	1.14

## STATEMENT OF FINANCIAL POSITION

	Group As at 31 Dec 17 S\$'000	Group As at 31 Dec 16 S\$'000	Company As at 31 Dec 17 S\$'000	Company As at 31 Dec 16 S\$'000
<b>ASSETS</b>				
Non-current assets				
Investments in subsidiaries	-	-	54,296	92,435
Loans and receivables	35,568	53,957	35,568	53,957
Available-for-sale financial assets	109,175	128,122	109,175	128,122
Financial assets at fair value through profit or loss	58,969	63,002	58,969	63,002
	<u>203,712</u>	<u>245,081</u>	<u>258,008</u>	<u>337,516</u>
Current assets				
Cash and cash equivalents	88,090	21,889	88,090	20,687
Available-for-sale financial assets	38,141	45,799	38,141	41,884
Financial assets at fair value through profit or loss	-	490	-	490
Other assets	7,348	3,230	7,348	3,195
	<u>133,579</u>	<u>71,408</u>	<u>133,579</u>	<u>66,256</u>
<b>Total Assets</b>	<u><b>337,291</b></u>	<u><b>316,489</b></u>	<u><b>391,587</b></u>	<u><b>403,772</b></u>
<b>LIABILITIES</b>				
Intercompany payables	-	-	54,297	87,285
Other liabilities	4,399	5,718	4,398	5,716
<b>Total Liabilities</b>	<u><b>4,399</b></u>	<u><b>5,718</b></u>	<u><b>58,695</b></u>	<u><b>93,001</b></u>
<b>Net assets attributable to shareholders</b>	<u><b>332,892</b></u>	<u><b>310,771</b></u>	<u><b>332,892</b></u>	<u><b>310,771</b></u>
<b>EQUITY</b>				
Share capital	563,537	549,432	563,537	549,432
Capital reserve	(65,846)	(65,846)	(65,846)	(65,846)
Available-for-sale financial assets revaluation reserve	7,631	12,996	7,631	10,357
Translation reserve	11,115	14,593	-	-
Accumulated losses	(183,545)	(200,404)	(172,430)	(183,172)
<b>Total Equity</b>	<u><b>332,892</b></u>	<u><b>310,771</b></u>	<u><b>332,892</b></u>	<u><b>310,771</b></u>
<b>Net asset value per share (S\$ per share)</b>	<u><b>0.2014</b></u>	<u><b>0.2003</b></u>	<u><b>0.2014</b></u>	<u><b>0.2003</b></u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Quarter ended 31 Dec 17 S\$'000	Group Year to date 31 Dec 17 S\$'000	Group Quarter ended 31 Dec 16 S\$'000	Group Year to date 31 Dec 16 S\$'000
<b>Cash flows used in / from operating activities</b>				
Operating costs paid	(978)	(9,723)	(1,254)	(4,891)
Interest income received	3,844	17,073	4,292	15,967
Dividend income received	147	1,386	156	1,255
Settlement of forward contracts	155	(1,315)	-	2,465
Other income received	-	232	307	307
Income tax paid	(5)	(80)	(2)	(61)
<b>Net cash inflow from operating activities</b>	<b>3,163</b>	<b>7,573</b>	<b>3,499</b>	<b>15,042</b>
<b>Cash flows used in / from investing activities</b>				
Purchase of financial assets	(21,281)	(98,578)	(41)	(81,418)
Redemption / maturity of financial assets	25,055	35,207	250	3,665
Proceeds from disposal of financial assets	69,312	130,120	5,543	65,020
<b>Net cash inflow/(outflow) from investing activities</b>	<b>73,086</b>	<b>66,749</b>	<b>5,752</b>	<b>(12,733)</b>
<b>Cash flows used in financing activities</b>				
Dividends paid	(4,057)	(7,988)	(4,009)	(8,475)
<b>Net cash flows used in financing activities</b>	<b>(4,057)</b>	<b>(7,988)</b>	<b>(4,009)</b>	<b>(8,475)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>72,192</b>	<b>66,334</b>	<b>5,242</b>	<b>(6,166)</b>
Cash and cash equivalents at beginning of period	16,046	21,889	16,592	29,110
Effects of exchange rate changes on cash and cash equivalents	(148)	(133)	55	(1,055)
<b>Cash and cash equivalents at end of period</b>	<b>88,090</b>	<b>88,090</b>	<b>21,889</b>	<b>21,889</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<b>Changes in shareholders' equity of the Group for the quarter and year ended 31 December 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 9 months ended 30 September 2017	-	-	6,935	(5,621)	17,138	18,452
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(22,093)	(22,093)
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	7,707	-	-	-	-	7,707
<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>
Total comprehensive income for the 4th quarter ended 31 December 2017	-	-	(12,300)	2,143	21,814	11,657
Transactions with equity holders in their capacity as equity holders:						
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,398	-	-	-	-	6,398
<b>Total equity at 31 December 2017</b>	<b>563,537</b>	<b>(65,846)</b>	<b>7,631</b>	<b>11,115</b>	<b>(183,545)</b>	<b>332,892</b>

<b>Changes in shareholders' equity of the Group for the quarter and year ended 31 December 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 9 months ended 30 September 2016	-	-	4,674	(4,515)	16,724	16,883
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(22,070)	(22,070)
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,381	-	-	-	-	6,381
<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>
Total comprehensive income for the 4th quarter ended 31 December 2016	-	-	4,731	5,082	336	10,149
Transactions with equity holders in their capacity as equity holders:						
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	7,214	-	-	-	-	7,214
<b>Total equity at 31 December 2016</b>	<b>549,432</b>	<b>(65,846)</b>	<b>12,996</b>	<b>14,593</b>	<b>(200,404)</b>	<b>310,771</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 year ended 31 December 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 9 months ended 30 September 2017	-	-	9,506	8,946	18,452
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(22,093)	(22,093)
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	7,707	-	-	-	7,707
<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>
Total comprehensive income for the 4th quarter ended 31 December 2017	-	-	(12,232)	23,889	11,657
Transactions with equity holders in their capacity as equity holders:					
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,398	-	-	-	6,398
<b>Total equity at 31 December 2017</b>	<b>563,537</b>	<b>(65,846)</b>	<b>7,631</b>	<b>(172,430)</b>	<b>332,892</b>

<b>Changes in shareholders' equity of the Company for the quarter and year ended 31 December 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 9 months ended 30 September 2016	-	-	9,068	7,815	16,883
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(22,070)	(22,070)
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,381	-	-	-	6,381
<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>
Total comprehensive income for the 4th quarter ended 31 December 2016	-	-	4,237	5,912	10,149
Transactions with equity holders in their capacity as equity holders:					
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	7,214	-	-	-	7,214
<b>Total equity at 31 December 2016</b>	<b>549,432</b>	<b>(65,846)</b>	<b>10,357</b>	<b>(183,172)</b>	<b>310,771</b>

1. 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

On 20 February 2018, the Company has declared a final dividend of 0.60 Singapore cents per share for financial year ended 31 December 2017 amounting to S\$9.92 million. This dividend will be paid on or about 24 April 2018.

The Company paid an interim dividend of 0.65 Singapore cents per share for the financial year ended 31 December 2017 amounting to S\$10.46 million on 16 October 2017.

Ordinary Shares	Group 2017	Group 2016
<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)	0.60	0.75
Dividend amount (S\$'000)	9,915	11,638
<b>Total Dividend (S\$'000)</b>	<b>20,370</b>	<b>22,860</b>

For the financial year ended 31 December 2017, 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 the financial year 2018.

Dividends paid in 2017 and 2018 are exempt from tax (one-tier) when received in the hands of Shareholders.

## CHANGES IN SHARE CAPITAL

The movement in the number of issued and fully paid-up ordinary shares for the year ended 31 December 2017 is as follows:

Company	Number of shares '000	Share capital at par value S\$'000	Share premium reserve S\$'000	Share capital S\$'000
<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 September 2017	56,675	567	7,140	7,707
Total share capital as at 30 September 2017	1,608,450	16,085	541,054	557,139
Movements from 1 October 2017 to 31 December 2017	44,125	441	5,957	6,398
<b>Total share capital as at 31 December 2017</b>	<b>1,652,575</b>	<b>16,526</b>	<b>547,011</b>	<b>563,537</b>

On 25 April 2017, the Company issued and allotted 56,674,853 new ordinary shares at an issue price of 13.60 Singapore cents per share to eligible shareholders who have elected to participate in the Scrip Dividend Scheme.

On 16 October 2017, the Company issued and allotted 44,124,386 new ordinary shares at an issue price of 14.50 Singapore cents per shares to eligible shareholders who have elected to participate in the Scrip Dividend Scheme.

## NET ASSET VALUE

	Group As at 31 Dec 17	Company As at 31 Dec 17	Group As at 31 Dec 16	Company As at 31 Dec 16
Total net asset value (S\$'000)	332,892	332,892	310,771	310,771
Total number of ordinary shares in issue used in calculation of net asset value per share ('000)	1,652,575	1,652,575	1,551,775	1,551,775
Net asset value per ordinary share (S\$ per share)	0.2014	0.2014	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 31 December 2017 was 20.14 Singapore cents after the payment of 2016 final dividend of 0.75 Singapore cents per share, 2017 interim dividend of 0.65 Singapore cents per share and taking into account the new shares issued pursuant to the Scrip Dividend Scheme. 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 and shares relating to the Scrip Dividend Scheme, the net asset value per share as at 31 December 2017 would have been 20.95 Singapore cents and the increase in net asset value per share would be 9.80%.

## EARNINGS PER SHARE

	Group Quarter ended 31 Dec 17	Group Year to date 31 Dec 17	Group Quarter ended 31 Dec 16	Group Year to date 31 Dec 16
<b>Basic earnings per share</b>				
Earnings used in calculation of basic earnings per share (S\$'000)	21,814	38,952	336	17,060
Weighted average number of shares in issue used in calculation of basic earnings per share ('000)	1,645,380	1,600,058	1,544,538	1,492,344
Basic earnings per share (cents per share)	1.33	2.43	0.02	1.14
<b>Diluted earnings per share</b>				
Earnings used in calculation of diluted earnings per share (S\$'000)	21,814	38,952	336	17,060
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	1,645,380	1,600,058	1,544,538	1,492,344
Diluted earnings per share (cents per share) <sup>1</sup>	1.33	2.43	0.02	1.14

<sup>1</sup> In future periods, 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.



## **SEGMENT REPORTING**

The Board has determined the operating segments of the Group from an asset class perspective namely loan portfolio and securitisation assets, listed equities, bonds and bank contingent convertibles. Geographical classification is assessed by reference to the country of exposure for the year ended 31 December 2017.

UNAUDITED FINANCIAL REPORT  
For the quarter and year ended 31 December 2017



	Loan Portfolio and Securitisation Assets			Listed Equities				Bonds					Bank Contingent Convertibles					Others <sup>1</sup> (mainly Singapore)	Total
	Europe S\$'000	North America S\$'000	Australia S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Australia S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Australia S\$'000	Others S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Australia S\$'000	Others S\$'000	S\$'000	S\$'000
2017																			
Group for the year ended 31 December 2017																			
Total segment revenue	4,690	1,894	153	653	7,216	2,694	32	1,182	4,337	3,603	459	2,165	15,919	115	50	344	1,113	39	46,658
Segment profit/(loss) before tax	8,175	(208)	148	633	6,260	2,276	31	294	2,229	3,679	392	2,242	14,302	115	75	304	3,514	(5,428)	39,033
Other segment items																			
Dividend income	-	-	-	147	1,251	-	32	-	-	-	-	-	-	-	-	-	-	-	1,430
Interest income	1,408	1,942	159	-	-	-	-	905	1,304	1,434	236	531	7,501	70	50	344	799	39	16,722
Net gain/(loss) on sale of investments	3,282	(48)	(6)	506	5,965	2,694	-	197	2,304	1,325	223	1,634	7,414	-	-	-	314	-	25,804
Net gain/(loss) on financial assets designated as fair value through profit or loss	-	-	-	-	-	-	-	79	729	612	-	-	1,005	45	-	-	-	-	2,470
Net reversal of impairment Expense/ (Net impairment expense)	2,970	-	-	-	(1,364)	(418)	-	(876)	(891)	1,265	-	-	-	-	-	-	2,760	-	3,446
Net foreign exchange loss (net of hedges)	515	(2,102)	(5)	(20)	409	-	(1)	(12)	(1,215)	(1,187)	(67)	77	(1,616)	-	25	(40)	(358)	3,190	(2,407)
Other income	-	-	-	-	-	-	-	-	-	232	-	-	-	-	-	-	-	-	232
As at 31 December 2017																			
Total segment assets	6,675	21,640	4,264	2,688	34,081	727	665	16,409	17,444	17,298	4,351	10,414	89,329	1,803	1,521	10,618	9,136	88,228	337,291
Total segment liabilities	-	(54)	-	(20)	(137)	-	-	-	(41)	(41)	-	(35)	(249)	-	-	(2,708)	-	(1,114)	(4,399)

<sup>1</sup> Relates to corporate function and the assets comprise mainly uninvested cash and cash equivalents.

UNAUDITED FINANCIAL REPORT  
For the quarter and year ended 31 December 2017



	Operating Lease Assets	Loan Portfolio and Securitisation Assets			Listed Equities			Bonds					Bank Contingent Convertibles				Others <sup>1</sup> (mainly Singapore)	Total
	Europe S\$'000	Europe S\$'000	North America S\$'000	Australia S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Australia S\$'000	Others S\$'000	Europe S\$'000	Asia S\$'000	Australia S\$'000	Others S\$'000	S\$'000	S\$'000
2016																		
Group for the year ended 31 December 2016																		
Total segment revenue	11,538	2,486	1,801	682	91	1,992	-	1,350	4,384	3,926	328	463	5,112	35	84	670	141	35,083
Segment profit/(loss) before tax	11,512	(17)	2,166	695	(554)	(3,823)	(286)	960	3,831	1,336	391	415	7,074	35	104	784	(7,502)	17,121
Other segment items																		
Dividend income	-	-	-	-	91	1,215	-	-	-	-	-	-	-	-	-	-	-	1,306
Interest income	-	2,486	1,966	244	-	-	-	1,095	2,170	1,756	328	385	5,356	44	83	670	142	16,725
Net gain/(loss) on sale of investments	11,538	-	(165)	437	-	777	-	604	1,301	364	-	77	-	-	-	-	-	14,933
Net gain/(loss) on financial assets designated as fair value through profit or loss	-	-	-	-	-	-	-	(349)	914	1,500	-	-	(244)	(9)	-	-	-	1,812
Net impairment expense	-	(2,115)	-	-	(641)	(6,000)	(286)	-	-	(1,710)	-	-	-	-	-	-	-	(10,752)
Net foreign exchange loss (net of hedges)	(5)	(389)	366	13	(4)	185	-	(387)	(552)	(879)	62	(47)	1,962	-	20	114	(2,914)	(2,455)
Other income	-	-	-	-	-	-	-	-	-	307	-	-	-	-	-	-	-	307
As at 31 December 2016																		
Total segment assets	-	20,344	28,925	1,901	1,617	31,271	5,400	16,450	32,023	22,346	6,332	5,782	110,646	1,758	2,155	7,476	22,063	316,489
Total segment liabilities	-	-	-	-	-	(6)	-	-	(32)	-	-	-	-	-	-	-	(5,680)	(5,718)

<sup>1</sup> Relates to corporate function and the assets comprise mainly uninvested cash and cash equivalents.

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## **BREAKDOWN OF REVENUE AND OPERATING PROFIT AFTER TAX**

	<b>Group S\$'000</b>
Financial period from 1 January to 30 June 2017 (unaudited)	
Total revenue for the financial period from 1 January to 30 June 2017	19,984
Operating profit after tax for the financial period from 1 January to 30 June 2017	11,600
Financial period from 1 July to 31 December 2017 (unaudited)	
Total revenue for the financial period from 1 July to 31 December 2017	26,674
Operating profit after tax for the financial period from 1 July to 31 December 2017	27,352
Financial year from 1 January to 31 December 2017 (unaudited)	
Total revenue for the financial period from 1 January to 31 December 2017	46,658
Operating profit after tax for the financial period from 1 January to 31 December 2017	38,952
	<b>Group S\$'000</b>
Financial period from 1 January to 30 June 2016 (unaudited)	
Total revenue for the financial period from 1 January to 30 June 2016	21,747
Operating profit after tax for the financial period from 1 January to 30 June 2016	12,346
Financial period from 1 July to 31 December 2016 (unaudited)	
Total revenue for the financial period from 1 July to 31 December 2016	13,336
Operating profit after tax for the financial period from 1 July to 31 December 2016	4,714
Financial year from 1 January to 31 December 2016	
Total revenue for the financial period from 1 January to 31 December 2016	35,083
Operating profit after tax for the financial period from 1 January to 31 December 2016	17,060

## **AUDIT OR REVIEW**

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

## **INTERESTED PERSON TRANSACTIONS**

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 their attention which may render these financial statements 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.

## **CONFIRMATION PURSUANT TO RULE 704(13) OF THE LISTING MANUAL**

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there are no persons occupying managerial positions in the Company or in any of its principal subsidiaries who are relatives of a director, chief executive officer or substantial shareholder of the Company.

On behalf of the Board of Directors

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Boon Swan Foo  
Chairman  
20 February 2018

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Jason See Yong Kiat  
Manager Nominated Director  
20 February 2018