



GLOBAL INVESTMENTS LIMITED

SGX Quarterly Report 30 June 2018

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PERFORMANCE REVIEW

CHANGES ARISING FROM THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS 9 (IFRS 9) WITH EFFECT FROM 1 JANUARY 2018

With effect from 1 January 2018, the Company and its subsidiaries (the Group) has adopted IFRS 9. Comparative figures in the Statement of Financial Position as at 31 December 2017 and in the Statement of Comprehensive Income for the quarter and half year ended 30 June 2017 have not been restated and are still accounted for in accordance with International Accounting Standards 39.

Quoted equity shares and debt securities previously held as available-for-sale (AFS) financial assets with gains and losses recorded in other comprehensive income have been measured at fair value through profit and loss (FVTPL) on 1 January 2018. The AFS reserve of S\$7.6 million related to those securities has been reclassified to opening retained earnings.

Debt securities previously held as loans and receivables have been measured at FVTPL on 1 January 2018 after analysing the intention of holding them and of their contractual cashflow characteristics. The net asset value of the Group has increased by S\$1.7 million from fair value adjustments of such securities with a corresponding increase in the opening retained earnings by the same amount.

Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed under "Consolidated statement of changes in shareholders' equity". In total, the opening retained earnings has increased by S\$9.3 million on 1 January 2018 following the adoption of IFRS 9.

QUARTER ENDED 30 JUNE 2018

The Group reported a profit after tax of S\$4.2 million in 2Q 2018, lower than the profit after tax of S\$4.8 million recorded in 2Q 2017 by S\$0.6 million.

INCOME

Income for 2Q 2018 was lower at S\$5.4 million as compared to S\$9.8 million reported in 2Q 2017. During the quarter, the Group received S\$6.8 million of settlement proceeds from the BBRNA litigation in addition to interest, net foreign exchange gain and dividend of S\$5.3 million. However, this was offset by a net fair value loss of S\$6.8 million due to the overall reduction in market prices of securities. In 2Q 2017, the Group's income was mainly contributed by interest income and net foreign exchange gain of S\$4.6 million and S\$2.6 million respectively.

EXPENSES

Total expenses for 2Q 2018 reduced to S\$1.2 million from S\$3.2 million reported in 2Q 2017. This was largely due to the absence of incentive fee accrual during the quarter.

NET IMPAIRMENT EXPENSE

No impairment expense or reversal of impairment expense will be recognised going forward as all financial assets held is classified as financial assets at FVTPL following the adoption of IFRS 9. In 2Q 2017, a net impairment expense of S\$1.8 million was recognised from the portfolio of listed equities and bonds, offset partially by the reversal of impairment following the sale of bonds and a bank contingent convertible.

OTHER COMPREHENSIVE INCOME

Other comprehensive income for the Group amounted to S\$2.2 million in 2Q 2018 which relates to a translation gain as a result of the strengthening of USD against SGD during the quarter. In 2Q 2017, the other comprehensive income of S\$2.1 million was attributed to a net fair value gain in the AFS financial asset revaluation reserve of S\$3.4 million, offset partially by a translation loss of S\$1.3 million.

Total comprehensive income for the Group was S\$6.4 million in 2Q 2018 as compared to S\$6.9 million in 2Q 2017.

HALF YEAR ENDED 30 JUNE 2018

For the half year ended 30 June 2018, the Group reported a net profit after tax of S\$1.9 million as compared to S\$11.6 million recorded in 1H 2017.

INCOME

The Group reported a lower income of S\$4.2 million in 1H 2018 as compared to S\$20.0 million in the same period last year. During the period, the Group received S\$6.8 million of settlement proceeds from the BBRNA litigation in addition to interest, net foreign exchange gain and dividend of S\$9.1 million. However, this was offset by a net fair value loss of S\$11.7 million following the overall reduction in market prices of securities during 1H 2018. In 1H 2017, the Group's income was mainly contributed by interest income and net gain on sale of investments of S\$8.8 million and S\$7.0 million respectively.

EXPENSES

Total expenses for 1H 2018 of S\$2.3 million was S\$4.1 million lower than the total expenses of S\$6.4 million in 1H 2017. The lower expense was mainly due to the absence of incentive fee of S\$4.2 million in 1H 2018.

NET IMPAIRMENT EXPENSE

As highlighted in the earlier paragraphs, no impairment expense or reversal of impairment expense will be recognised going forward. In 1H 2017, the net impairment expense of S\$1.9 million was contributed by the impairment of listed equities and bonds, partially offset by the reversal of impairment following the sale of bonds and a bank contingent convertible.

OTHER COMPREHENSIVE INCOME

Other comprehensive income for 1H 2018 amounted to S\$1.1 million as compared to S\$0.7 million in 1H 2017. The S\$1.1 million recorded in 1H 2018 relates to a translation gain as a result of the strengthening of USD against SGD. This is in contrast to a translation loss of S\$4.4 million recorded in 1H 2017 which was offset by a net fair value gain in the AFS financial assets revaluation reserve of S\$5.1 million.

Total comprehensive income for the Group was S\$3.1 million in 1H 2018 versus S\$12.3 million in 1H 2017.

STATEMENT OF FINANCIAL POSITION

LOANS AND RECEIVABLES

Following the adoption of IFRS 9 on 1 January 2018, debt securities held as loans and receivables will be reclassified to financial assets at FVTPL.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Following the adoption of IFRS 9 on 1 January 2018, listed equities and debt securities held as AFS will reclassified to financial assets at FVTPL.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at FVTPL as at 30 June 2018 was S\$307.9 million and comprises the entire portfolio of investments held by the Group. This was S\$66.0 million higher than the carrying value of the portfolio of investments of S\$241.9 million as at 31 December 2017. The increase was mainly due to investments in China domestic bonds and listed equities during the period.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents declined significantly to S\$21.7 million as at 30 June 2018 compared to S\$88.1 million as at 31 December 2017. This was due to the net purchase of investments, mainly China domestic bonds and listed equities.

NET ASSET VALUE PER SHARE

The net asset value per share of the Group as at 30 June 2018 was 19.69 Singapore cents after the payment of 2017 final dividend of 0.60 Singapore cents per share and taking into account the new shares issued pursuant to the Scrip Dividend Scheme. If the 2017 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2017, the net asset value per share as at 31 December 2017 would have been 19.41 Singapore cents instead of 20.14 Singapore cents per share and the increase in net asset value per share would be 1.44% for the half year ended 30 June 2018.

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 June 2018 comprised the following assets:

LOAN PORTFOLIO AND SECURITISATION ASSETS

The Group is invested in a portfolio of USD and EUR denominated collateralised loan obligation (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 asset backed securities (ABS) comprising Australian residential mortgage backed securities (RMBS), Australian credit card ABS and Chinese auto ABS.

BONDS

CHINA DOMESTIC BONDS

The Group is invested in a portfolio of China domestic bonds.

OTHER BONDS

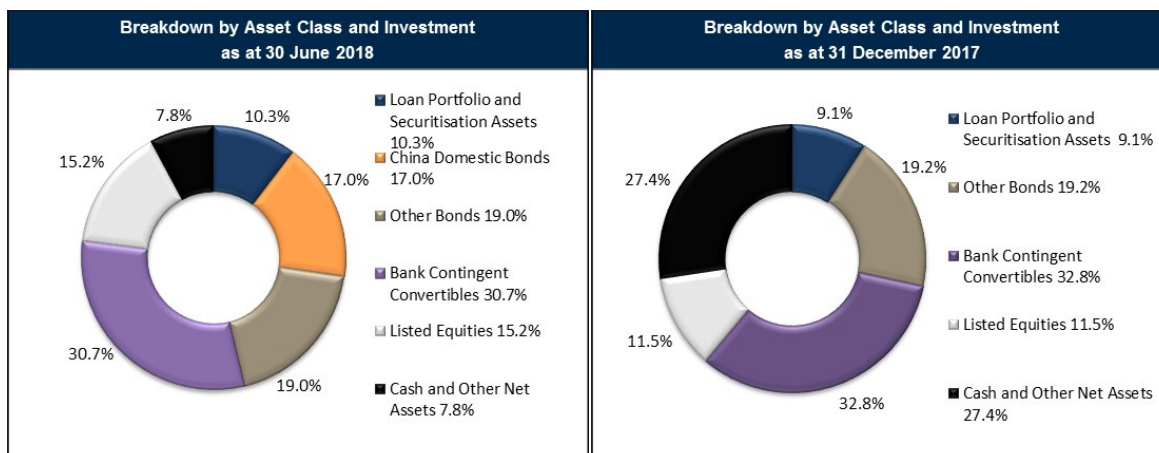
The Group is invested in a portfolio of mainly high yield bonds other than China domestic bonds.

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 Australia, Europe, China, Hong Kong, Singapore, South Korea and US.



Net asset value as at 30 June 2018 and 31 December 2017 is S\$333.98 million and S\$332.89 million respectively.

BUSINESS OUTLOOK¹

MACROECONOMIC OUTLOOK

The International Monetary Fund (IMF) maintained its projection for global economic growth for both 2018 and 2019 at 3.9% in the latest World Economic Outlook report released in July 2018. However, global growth appears to be less synchronized while risks to the outlook are increasing; growth in the developed economies might have peaked, with projections for the Euro area, Japan and the United Kingdom revised downwards.

In the US, Gross Domestic Product (GDP) increased 4.1% quarter-on-quarter (q-o-q) in 2Q 2018 after growing 2.2% (revised) q-o-q in 1Q 2018. The ISM Manufacturing Purchasing Manager Index (PMI) increased to 60.2 in June as compared to 59.3 in March 2018, while the ISM Non-Manufacturing PMI Index increased to 59.1 in June compared to 58.8 in March 2018. Meanwhile, the Consumer Price Index (CPI) rose 2.9% year-on-year (y-o-y) in June compared to 2.4% y-o-y in March 2018. The US unemployment rate decreased slightly to 4.0% in June when compared with 4.1% in March 2018 while the participation rate remained unchanged at 62.9%.

The Federal Open Market Committee (FOMC) decided to raise the target level for the Federal Fund Rates by another 25 basis points at the June meeting, bringing it to a range of 1.75%-2.00%. With 2 more hikes expected from the Fed this year, Fed Fund Rates could end up at 2.25%-2.50%, higher than the Fed's year-end target at the start of the year. The change appears to signal Fed's increasing confidence in the continuing strength of the economy and inflation reaching their medium-term target. Strong economic growth as well as firmer inflation data in the first half of the year lends credence to the Fed's recent moves to normalize interest rates. However, a brewing trade conflict between the world's largest economy and other major economies if escalated, threatens to derail the global economic recovery, and is poised to be the largest downside risk factor.

In China, GDP grew at 6.7% y-o-y in 2Q 2018, slowing slightly from 6.8% in the previous quarter. The Caixin Manufacturing PMI remained the same at 51.0 in June when compared to March 2018, while the Caixin Services PMI increased to 52.9 from 52.3. Private consumption decreased, with retail sales growing at 9.0% y-o-y in June compared to 10.1% y-o-y in March 2018. Export growth rose strongly to 11.2% y-o-y in June, compared to -3.0% y-o-y in March 2018, while import growth decreased to 14.1% y-o-y from 14.5%. The CPI dropped to 1.9% y-o-y in June from 2.1% y-o-y in March 2018. China's foreign exchange reserves decreased to USD3.11 trillion in June from USD3.14 trillion in March.

Concerns about the trade war between China and the US also saw a sharp depreciation in the Chinese currency amidst growing fears that this would be a further drag on an already slowing economy, which is forecasted to grow by 6.5% in 2018 versus 6.8% in 2017, based on official data. However, any significant downside risk is being carefully managed by the Chinese government, which has been taking a proactive approach in fine-tuning their fiscal and monetary policies to boost domestic demand. The government announced a series of policy changes that included a tax cut to boost research spending; maintaining investment spending by encouraging private sector participation and providing support to local government financing vehicles (LGFV); and providing greater liquidity support to small and micro enterprises.

In its June meeting report, the European Central Bank (ECB) projects the Eurozone real GDP to grow by 2.1% (revised down from 2.4%) for the year of 2018. The Markit Eurozone Composite PMI, which tracks sentiment among purchasing managers within the manufacturing and service sectors, declined to 54.9 in June compared to 55.2 in March 2018. The Consumer Confidence Indicator dropped to -0.6 from 0.1. Inflation also increased as the CPI increased to 2.0% y-o-y in June from 1.3% y-o-y in March 2018.

The ECB concluded its meeting in June with no change in policy rates, but pledged to maintain current rates at least through the summer of 2019, while completely phasing out the asset purchase programme by end of 2018. While headline inflation rose to 2%, this was largely due to a rise in energy prices, as core inflation actually trended lower – coming in at 1.0% in June, and was still way off the ECB's target of 2%. Growing fears of a trade war between the US and the euro zone weighed heavily on sentiments, as we saw both PMI and consumer confidence indicators decline in the quarter. This bearish sentiment is shared by the IMF, which has lowered growth forecasts by 0.2% to 2.2% for 2018, following softer activity in the important economies of Germany and France. Furthermore, volatility in the markets could arise from political risks in Italy or of a disorderly Brexit should negotiations between the European Union and the United Kingdom fall through.

Currency

The Singapore dollar nominal effective exchange rate (S\$NEER) declined slightly from 125.71 on 29th March 2018 to 125.23 as of 29th June 2018. In 2Q 2018, SGD strengthened against EUR by 1.76%, GBP by 3.08%, KRW by 0.65%, and CNY by 1.06%. Over the same period, the SGD weakened against USD by 4.06%, AUD by 0.37%, JPY by 0.19%, and CHF by 0.04%. At the April 2018 meeting, the Monetary Authority of Singapore (MAS) decided to increase slightly the slope of the S\$NEER policy band, from zero percent previously. There will be no change to the width of the band or the level at which it was centred.

In its quarterly Recent Economic Developments in Singapore report released in June, MAS noted that growth in the domestic economy is expected to remain steady and modest, with GDP growth between 2.5-3.5% for the full year of 2018. According to the advance estimates by Ministry of Trade and Industry (MTI), the Singapore economy grew by 3.8% y-o-y in 2Q 2018, slower than the 4.3% growth in the previous quarter. On a q-o-q seasonally adjusted annualized basis, real GDP rose by 1.0% compared to the 1.5% expansion in 1Q 2018. Singapore's headline inflation rose as the CPI-All Items for 2Q 2018 came in at 0.6% y-o-y, compared to 0.2% in 1Q 2018. Core Inflation, which excludes the cost of accommodation and private road transport, increased slightly to average 1.7% y-o-y in 2Q 2018, compared to 1.5% in 1Q 2018. This was because of stronger price increases in services as well as food. The MAS expects Core Inflation to come in within the upper range of 1.0-2.0%, and the CPI-All Items inflation to be in the upper range of 0.0-1.0%, in 2018.

TARGETED ASSET CLASSES

Loan Portfolio and Securitisation Assets

In the US, June marked the second-highest issuing month year to date (behind Feb 2018), with USD14 billion in new issue volume. US CLO new issue supply of USD68.1 billion in 1H 2018 is higher than the prior first-half record of USD61.0 billion in 2H 2014. European CLO new issue supply was €13.3 billion in 1H 2018, ahead of the €8.8 billion in 1H 2017. Refinancing volume has sharply fallen, as managers have chosen to extend the terms of existing deals through resets instead.

Over the quarter, the weighted average funding cost for a standard deal widened across both US and EUR CLOs. As many CLOs will exit their non-call periods in the second half of 2018, a large supply of refinancings and resets are expected and investors may see spreads widen further.

In 2Q 2018, the price of the Palmer Square CLO Debt Index, which tracks the value of US mezzanine CLO debt tranches, gained 1.04% and 5.07% in USD and SGD terms respectively.

As for Australian RMBS, public year-to-date issuances have totalled USD12.9 billion, down 13% from last year's USD14.8 billion. Over the quarter, pricing widened due to increased supply, with progressively more prime RMBS being issued each month in April, May and June.

China Domestic Bonds

Despite mounting trade tension and renewed weakness in the Yuan, the Chinese bond market remained constructive in 2Q 2018, supported by China's easing policies. Chinese domestic bonds achieved positive returns in 2Q 2018, as interest rates continued to fall over the quarter. The yield on ten-year government bond fell by 27 basis points to 3.48%, five-year fell by 31 basis points to 3.35%, and three-year fell by 26 basis points to 3.31%.

According to Reuters, the first six months of this year saw 11 Chinese companies defaulting on bonds worth a total of CNY20 billion. That compares with 26 defaults worth CNY26 billion in the whole of 2017. While the authorities have slowed the financial deleveraging campaign by injecting more liquidity into the system since May, the PBoC has pledged that China will continue with the reform of the financial services sector despite trade conflicts.

Currency devaluation, US trade tariffs and the continued focus on deleveraging remain an overhang on the Chinese bond market.

In 2Q 2018, the Bloomberg Barclays China Aggregate Index, which tracks the bonds listed on the Chinese interbank market, gained 2.47% and 1.17% in CNY and SGD terms respectively.

Other Bonds

In 2Q 2018, US-denominated high yield (HY) outperformed investment grade (IG) as positive US domestic indicators (non-farm payrolls and housing data) in June supported investors' risk sentiments despite earlier trade tensions between US and China. On a whole, HY corporate bonds outperformed governments bonds while IG corporate bonds underperformed.

Volatility continued to reign in the market as the 10-year US Treasuries faced conflicting signals in June from supportive domestic economic reads in June and rising global trade war tension. Overall, the US Treasury yield curve bear-flattened as the market digested a faster-than-expected rise in short-term interest rates. The Fed was more hawkish in June's meeting, raising its benchmark rate by 25 basis points to 1.75% - 2.00%. The Fed also increased its rate hike expectations for 2018 to four times from three, and projects a 2.8% growth in GDP, as compared to 2.7% in an earlier meeting. 2-year Treasuries rose 26 basis points while 10-year rose 12 basis points.

Over the quarter, the Bloomberg Barclays High Yield Index, which tracks global high yield multiple-currencies bond markets, fell by 2.17% in USD terms, but rose by 1.74% in SGD terms.

Bank Contingent Convertibles (CoCos)

Bank fundamentals remained supportive with healthy capital buffers, offset by muted loan growth as net interest margins continued to be stable. Trading revenues of investment banks benefited from the market volatility while NPL deleveraging efforts continued from the previous quarter, driven by ongoing focus by ECB.

Spreads in the AT1 CoCo market widened during the quarter as renewed concerns on the political front in Europe and increased geopolitical risk contributed to higher market volatility. Concerns over the new Italian government adopting a more populist fiscal policy drove Italian government bond spreads to 5-year highs, with 2-year bond yields posting their largest one-day rise in 26 years.

Regulation continues to be a tailwind for financial hybrids in Europe. With the exception of Deutsche Bank USA, all US subsidiaries of European banks subject to the annual US stress test, passed this year's exercise. Meanwhile, the higher countercyclical buffer applied by French (+25bps) and Danish (+50bps) regulators, had little impact as banks maintain ample capital buffers.

The Bank of America Merrill Lynch Contingent Capital Index, which tracks the global CoCo debt markets, ended the quarter lower by 4.83% and 1.03% in USD and SGD terms respectively.

Listed Equities

Concerns over a potential trade war as Trump stepped up his rhetoric with US trading partners was the main theme in the equity markets. The end of the second quarter in 2018 saw most of the equity indices moving lower as the first set of tariffs on China commenced and the Chinese government announcing similar retaliatory tariffs on US imports into China.

The Chinese equity indices were the most badly affected as investors worry that a trade war will add further drag to an already slowing Chinese economy. The Hang Seng China Enterprises Index and Shanghai Stock Exchange Composite Index fell by 7.71% and 10.14% respectively in the quarter. However, earnings growth remains strong while expectations still remain higher than at the start of the year. Additionally, the Chinese government has since announced a series of fiscal and monetary policy tweaks in addition to a record injection of short-term liquidity to banks and commercial lenders, so as to boost domestic demand and hopefully stabilise the Chinese equity markets.

Over the same period, both the US and European equity markets surrendered most of their earlier gains to still end the quarter in the black, with S&P 500 up by 2.93% and the Euro Stoxx 50 up by 1.01%. However, the sentiment on European equities was bearish, owing to the possibility of US additional tariffs, falling industrial production, and heightened political risks in Italy and Germany. On the other hand, there was continued strength in the US equity markets, buoyed by strong economic data, robust corporate earnings momentum and stimulatory effects of tax cuts. Looking ahead, investors would be digesting the impact on US growth from several potential headwinds including continued monetary tightening, fading fiscal stimulus and an escalating trade conflict.

Given Singapore's dependence on trade to drive growth, the equity market has moved downwards with developments surrounding US trade tariffs, with the Straits Times Index declining by 4.65% this quarter. As China is Singapore's largest trading partner and key investment destination, any downside risks to Chinese economic growth will likely impact Singapore markets.

The MSCI All Country World Index, which tracks the global equity markets across both developed and emerging markets, decreased by 0.12% in USD terms in 2Q 2018, but rose by 3.87% in SGD terms.

Summary

Financial markets had another eventful quarter. Markets came under pressure as investors witnessed signs of slowing economic growth in Europe and Japan, deteriorating trade relations and rising US interest rates. These markets had to contend with a Fed that grew more hawkish over the course of the year as data prints pointed to sustained strength in the US economy along with inflation running near their target. It did not help that rhetoric threatening a trade war between major economies grew increasingly strident over the period, culminating in the US imposing tariffs on a variety of imports from the EU, Canada, Mexico and China, with retaliatory measures returned in kind. A strong dollar, which appreciated 5.0% since the start of the quarter, notwithstanding weakness during the first quarter, also drew capital back to US from emerging markets, which contributed to volatility experienced in these markets.

Among the notable developments in 2H 2018 likely to weigh on investors' minds include the risk of an escalation in trade tension between major economic powers, an unexpected acceleration in inflation, whether from stronger commodity prices or wage inflation, leading to greater impetus in monetary tightening across the globe, as well as political risks that could arise from the US Congress mid-term elections in November and the impending deadline of the Brexit negotiations between the EU and UK.

UNAUDITED FINANCIAL REPORT
For the quarter ended 30 June 2018

Brent crude rallied 13.0% in the quarter while the Bloomberg Commodity Index, which tracks global commodities, ended basically flat. The strong rally in oil prices to near the USD80 per barrel level, coupled with robust economic growth and firming inflation in the US, will certainly keep investors watchful as the adjustment to the flood of easy money retreating across economies continues.

In view of the increased volatility in the financial markets, the Company will continue to take a cautious stance in rebalancing its portfolio of assets and adopt a selective approach in its investment.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Quarter ended 30 Jun 18 S\$'000	Group Year to date 30 Jun 18 S\$'000	Group Quarter ended 30 Jun 17 ¹ S\$'000	Group Year to date 30 Jun 17 ¹ S\$'000
Income				
Dividend income	770	834	597	742
Interest income	3,867	7,467	4,575	8,788
Net foreign exchange gain (net of hedges)	674	791	2,598	1,853
Net gain on sale of investments	-	-	1,245	7,034
Net (loss)/gain on financial assets designated as fair value through profit or loss	(6,763)	(11,687)	819	1,567
Other income	6,838	6,838	-	-
Total income	5,386	4,243	9,834	19,984
Expenses				
Management fees	(587)	(1,179)	(591)	(1,122)
Incentive fees	-	-	(2,067)	(4,228)
Other operating expenses	(578)	(1,076)	(570)	(1,053)
Total expenses	(1,165)	(2,255)	(3,228)	(6,403)
Net impairment expense	-	-	(1,786)	(1,929)
Profit before tax	4,221	1,988	4,820	11,652
Income tax expense	(41)	(45)	(32)	(52)
Profit after tax	4,180	1,943	4,788	11,600
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets				
- Fair value gain	-	-	2,121	7,827
- Reclassification to profit or loss	-	-	1,278	(2,754)
Currency translation differences arising from consolidation				
- Gain/(loss)	2,186	1,134	(1,322)	(4,363)
Other comprehensive income for the period after tax	2,186	1,134	2,077	710
Total comprehensive income for the period attributable to shareholders	6,366	3,077	6,865	12,310
Basic earnings per share (cents per share)	0.25	0.12	0.30	0.74
Diluted earnings per share (cents per share)	0.25	0.12	0.30	0.74

¹ Comparative figures have not been restated and are still accounted for under International Accounting Standards 39.

STATEMENT OF FINANCIAL POSITION

	Group As at 30 Jun 18 S\$'000	Group As at 31 Dec 17 ¹ S\$'000	Company As at 30 Jun 18 S\$'000	Company As at 31 Dec 17 ¹ S\$'000
ASSETS				
Non-current assets				
Investments in subsidiaries	-	-	54,273	54,296
Loans and receivables	-	35,568	-	35,568
Available-for-sale financial assets	-	109,175	-	109,175
Financial assets at fair value through profit or loss	257,168	58,969	257,168	58,969
	<u>257,168</u>	<u>203,712</u>	<u>311,441</u>	<u>258,008</u>
Current assets				
Cash and cash equivalents	21,685	88,090	21,685	88,090
Available-for-sale financial assets	-	38,141	-	38,141
Financial assets at fair value through profit or loss	50,685	-	50,685	-
Other assets	5,550	7,348	5,547	7,348
	<u>77,920</u>	<u>133,579</u>	<u>77,917</u>	<u>133,579</u>
Total Assets	<u>335,088</u>	<u>337,291</u>	<u>389,358</u>	<u>391,587</u>
LIABILITIES				
Intercompany payables	-	-	54,270	54,297
Other liabilities	1,110	4,399	1,110	4,398
Total Liabilities	<u>1,110</u>	<u>4,399</u>	<u>55,380</u>	<u>58,695</u>
Net assets attributable to shareholders	<u>333,978</u>	<u>332,892</u>	<u>333,978</u>	<u>332,892</u>
EQUITY				
Share capital	569,789	563,537	569,789	563,537
Capital reserve	(65,846)	(65,846)	(65,846)	(65,846)
Available-for-sale financial assets revaluation reserve	-	7,631	-	7,631
Translation reserve	12,249	11,115	-	-
Accumulated losses	(182,214)	(183,545)	(169,965)	(172,430)
Total Equity	<u>333,978</u>	<u>332,892</u>	<u>333,978</u>	<u>332,892</u>
Net asset value per share (S\$ per share)	<u>0.1969</u>	<u>0.2014</u>	<u>0.1969</u>	<u>0.2014</u>

¹: Comparative figures have not been restated and are still accounted for under International Accounting Standards 39.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Quarter ended 30 Jun 18 S\$'000	Group Year to date 30 Jun 18 S\$'000	Group Quarter ended 30 Jun 17 S\$'000	Group Year to date 30 Jun 17 S\$'000
Cash flows used in/from operating activities				
Operating costs paid	(1,367)	(3,023)	(1,571)	(3,167)
Interest income received	2,981	6,038	4,272	8,560
Dividend income received	376	433	432	458
Settlement of forward contracts	2,357	2,357	(1,657)	(2,129)
Other income received	6,838	6,838	-	-
Income tax paid	(40)	(44)	(35)	(35)
Net cash inflow from operating activities	11,145	12,599	1,441	3,687
Cash flows used in/from investing activities				
Purchase of financial assets	(16,906)	(108,183)	(24,041)	(64,143)
Redemption/maturity of financial assets	564	7,989	1,071	1,176
Proceeds from disposal of financial assets	14,634	24,587	14,664	50,991
Net cash outflow used in investing activities	(1,708)	(75,607)	(8,306)	(11,976)
Cash flows used in financing activities				
Dividends paid	(3,663)	(3,663)	(3,931)	(3,931)
Net cash flows used in financing activities	(3,663)	(3,663)	(3,931)	(3,931)
Net increase/(decrease) in cash and cash equivalents	5,774	(66,671)	(10,796)	(12,220)
Cash and cash equivalents at beginning of period	15,975	88,090	20,344	21,889
Effects of exchange rate changes on cash and cash equivalents	(64)	266	43	(78)
Cash and cash equivalents at end of period	21,685	21,685	9,591	9,591

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity of the Group for the quarter and half year ended 30 June 2018	Share capital S\$'000	Capital reserve¹ S\$'000	Available-for-sale financial assets revaluation reserve S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Total equity at 1 January 2018 (as previously stated)	563,537	(65,846)	7,631	11,115	(183,545)	332,892
Adjustment due to adoption of IFRS 9	-	-	(7,631)	-	9,303	1,672
Total equity at 1 January 2018 (restated)	563,537	(65,846)	-	11,115	(174,242)	334,564
Total comprehensive income for the 1st quarter ended 31 March 2018	-	-	-	(1,052)	(2,237)	(3,289)
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(9,915)	(9,915)
Total equity at 31 March 2018	563,537	(65,846)	-	10,063	(186,394)	321,360
Total comprehensive income for the 2nd quarter ended 30 June 2018	-	-	-	2,186	4,180	6,366
Transactions with equity holders in their capacity as equity holders:						
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,252	-	-	-	-	6,252
Total equity at 30 June 2018	569,789	(65,846)	-	12,249	(182,214)	333,978

Changes in shareholders' equity of the Group for the quarter and half year ended 30 June 2017	Share capital S\$'000	Capital reserve¹ S\$'000	Available-for-sale financial assets revaluation reserve S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Total equity at 1 January 2017	549,432	(65,846)	12,996	14,593	(200,404)	310,771
Total comprehensive income for the 1st quarter ended 31 March 2017	-	-	1,674	(3,041)	6,812	5,445
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(11,638)	(11,638)
Total equity at 31 March 2017	549,432	(65,846)	14,670	11,552	(205,230)	304,578
Total comprehensive income for the 2nd quarter ended 30 June 2017	-	-	3,399	(1,322)	4,788	6,865
Transactions with equity holders in their capacity as equity holders:						
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	7,707	-	-	-	-	7,707
Total equity at 30 June 2017	557,139	(65,846)	18,069	10,230	(200,442)	319,150

¹ 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

Changes in shareholders' equity of the Company for the quarter and half year ended 30 June 2018	Share capital S\$'000	Capital reserve S\$'000	Available-for-sale financial assets revaluation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Total equity at 1 January 2018 (as previously stated)	563,537	(65,846)	7,631	(172,430)	332,892
Adjustment due to adoption of IFRS 9	-	-	(7,631)	9,303	1,672
Total equity at 1 January 2018 (restated)	563,537	(65,846)	-	(163,127)	334,564
Total comprehensive income for the 1st quarter ended 31 March 2018	-	-	-	(3,289)	(3,289)
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(9,915)	(9,915)
Total equity at 31 March 2018	563,537	(65,846)	-	(176,331)	321,360
Total comprehensive income for the 2nd quarter ended 30 June 2018	-	-	-	6,366	6,366
Transactions with equity holders in their capacity as equity holders:					
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,252	-	-	-	6,252
Total equity at 30 June 2018	569,789	(65,846)	-	(169,965)	333,978

Changes in shareholders' equity of the Company for the quarter and half year ended 30 June 2017	Share capital S\$'000	Capital reserve S\$'000	Available-for-sale financial assets revaluation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Total equity at 1 January 2017	549,432	(65,846)	10,357	(183,172)	310,771
Total comprehensive income for the 1st quarter ended 31 March 2017	-	-	4,250	1,195	5,445
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(11,638)	(11,638)
Total equity at 31 March 2017	549,432	(65,846)	14,607	(193,615)	304,578
Total comprehensive income for the 2nd quarter ended 30 June 2017	-	-	3,396	3,469	6,865
Transactions with equity holders in their capacity as equity holders:					
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	7,707	-	-	-	7,707
Total equity at 30 June 2017	557,139	(65,846)	18,003	(190,146)	319,150

¹ Refer to note on page 14.

ACCOUNTING POLICIES APPLICATION

The Group has adopted IFRS 9 from 1 January 2018. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

Overall, there are no significant impact arising from the adoption of IFRS 9 except from the effects of measuring debt securities previously held as loans and receivables at FVTPL and from measuring AFS financial assets at FVTPL.

Other than the adoption of IFRS 9, accounting policies and methods of computation applied in preparation of these figures are the same as those used in the most recently audited financial statements as at 31 December 2017.

DIVIDENDS

The Company has declared an interim dividend of 0.50 Singapore cents per share for the financial year ending 31 December 2018 amounting to S\$8.48 million. This dividend will be paid on or about 12 October 2018.

For the financial year ending 31 December 2018, the Company has obtained the Inland Revenue Authority of Singapore's confirmation that it is tax resident of Singapore.

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

Ordinary Shares	Group 2018	Group 2017
<u>Interim Dividend</u>		
Dividend per Share (cents)	0.50	0.65
Dividend amount (S\$'000)	8,481	10,455
<u>Final Dividend</u>		
Dividend per Share (cents)	-	0.60
Dividend amount (S\$'000)	-	9,915
Total Dividend (S\$'000)	8,481	20,370

CHANGES IN SHARE CAPITAL

The movement in the number of issued and fully paid-up ordinary shares for the half year ended 30 June 2018 is as follows:

Company	Number of shares '000	Share capital at par value S\$'000	Share premium reserve S\$'000	Share capital S\$'000
Issued and fully paid shares				
Opening balance as at 1 January 2018	1,652,575	16,526	547,011	563,537
Movements in period to 30 June 2018	43,720	437	5,815	6,252
Total share capital as at 30 June 2018	1,696,295	16,963	552,826	569,789

On 24 April 2018, the Company issued and allotted 43,720,395 new ordinary shares at an issue price of 14.3 Singapore cents per share to eligible shareholders who have elected to participate in the Scrip Dividend Scheme.

NET ASSET VALUE

	Group As at 30 Jun 18	Company As at 30 Jun 18	Group As at 31 Dec 17	Company As at 31 Dec 17
Total net asset value (S\$'000)	333,978	333,978	332,892	332,892
Total number of ordinary shares in issue used in calculation of net asset value per share ('000)	1,696,295	1,696,295	1,652,575	1,652,575
Net asset value per ordinary share (S\$ per share)	0.1969	0.1969	0.2014	0.2014

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 June 2018 was 19.69 Singapore cents after the payment of 2017 final dividend of 0.60 Singapore cents per share and taking into account the new shares issued pursuant to the Scrip Dividend Scheme. If the 2017 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2017, the net asset value per share as at 31 December 2017 would have been 19.41 Singapore cents instead of 20.14 Singapore cents per share and the increase in net asset value per share would be 1.44% for the half year ended 30 June 2018.

EARNINGS PER SHARE

	Group Quarter ended 30 Jun 18	Group Year to date 30 Jun 18	Group Quarter ended 30 Jun 17	Group Year to date 30 Jun 17
Basic earnings per share				
Earnings used in calculation of basic earnings per share (S\$'000)	4,180	1,943	4,788	11,600
Weighted average number of shares in issue used in calculation of basic earnings per share ('000)	1,684,764	1,668,758	1,592,880	1,572,441
Basic earnings per share (cents per share)	0.25	0.12	0.30	0.74
Diluted earnings per share				
Earnings used in calculation of diluted earnings per share (S\$'000)	4,180	1,943	4,788	11,600
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	1,684,764	1,668,758	1,592,880	1,572,441
Diluted earnings per share (cents per share) ¹	0.25	0.12	0.30	0.74

¹ 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 their attention which may render the financial statements for the quarter ended 30 June 2018 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

Boon Swan Foo
Chairman
8 August 2018

Jason See Yong Kiat
Manager Nominated Director
8 August 2018