GLOBAL INVESTMENTS LIMITED

SGX Quarterly Report
30 September 2018

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CONTENT

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) have 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 9 months ended 30 September 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 SEPTEMBER 2018

The Group reported a profit after tax of S$6.3 million in 3Q 2018, higher than the profit after tax of S$5.5 million recorded in 3Q 2017 by S$0.8 million.

INCOME

Income for 3Q 2018 was slightly lower at S$7.8 million as compared to S$8.1 million in 3Q 2017. The lower income as a result of the absence of a net foreign exchange gain and lower interest income was cushioned by a higher net value gain on FVTPL.

EXPENSES

Total expenses for 3Q 2018 reduced to S$1.5 million from S$1.8 million in 3Q 2017. This was largely due to the absence of incentive fee accrued offset by a net foreign exchange loss of S$0.3 million recorded during the quarter.

NET IMPAIRMENT EXPENSE

No impairment expense or reversal of impairment expense will be recognised going forward as all financial assets held are classified as financial assets at FVTPL following the adoption of IFRS 9. In 3Q 2017, a net impairment expense of S$0.8 million was recognised from the portfolio of listed equities and bonds.

OTHER COMPREHENSIVE INCOME

Other comprehensive income for 3Q 2018 amounted to loss of S$2.4 million due to a translation loss. In 3Q 2017, other comprehensive income of S$0.6 million was attributed to a net fair value gain in the AFS financial asset revaluation reserve of S$1.9 million, offset partially by a translation loss of S$1.3 million.

Total comprehensive income for the Group was S$3.9 million in 3Q 2018 as compared to S$6.1 million in 3Q 2017.

NINE MONTHS ENDED 30 SEPTEMBER 2018

For the nine months ended 30 September 2018, the Group reported a net profit after tax of S$8.3 million as compared to S$17.1 million recorded in the same period last year.

INCOME

The Group reported a lower income of S$11.7 million for the nine months ended 30 September 2018 as compared to S$28.1 million in the same period last year. The lower income was mainly contributed by a net fair value loss on FVTPL of S$8.3 million versus a gain of S$1.8 million in the same period last year and absence of net gain on sale of investment in the current year of S$9.0 million. Net foreign exchange gain for the current period was also lower by S$2.4 million compared to the same period last year. However, the lower income was partially cushioned by the settlement proceeds from the BBRNA litigation of S$6.8 million.

EXPENSES

Total expenses for the nine months ended 30 September 2018 was S$3.4 million, lower than S$8.2 million recorded in the same period last year. The lower expense was mainly due to the absence of incentive fee accrued.

NET IMPAIRMENT EXPENSE

As highlighted above, no impairment expense or reversal of impairment expense will be recognised going forward. For the nine months ended 30 September 2017, the net impairment expense of S$2.7 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 the period ended 30 September 2018 amounted to a loss of S$1.3 million due to a translation loss. In comparison, other comprehensive income for the period 30 September 2017 of S$1.3 million was contributed by a net fair value gain in the AFS financial asset revaluation reserve of S$6.9 million, offset partially by a translation loss of S$5.6 million.

Total comprehensive income for the period ended 30 September 2018 was S$7.0 million versus S$18.5 million recorded in the same period last year.

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 September 2018 was S$297.1 million and comprises the entire portfolio of investments held by the Group. This was S$55.2 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$39.0 million as at 30 September 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 September 2018 was 19.42 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 as well as 2018 interim dividend declared in August 2018. 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. After adjusting for the 2018 interim dividend, the net asset value per share as at 30 September 2018 would have been 19.92 Singapore cents and the increase in net asset value per share would be 2.63%.

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 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

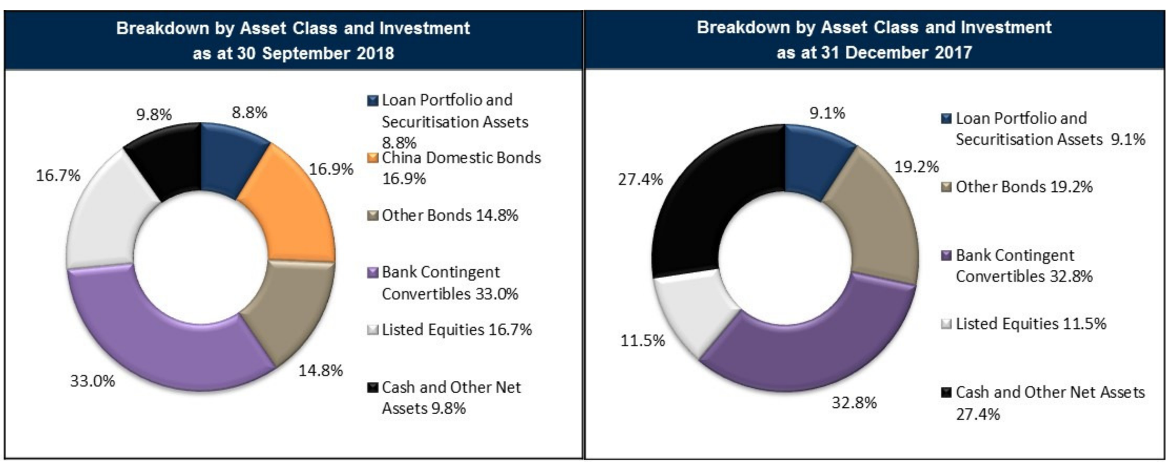
The Group is invested in a portfolio of mainly high yield bonds other than China domestic bonds.

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 September 2018 and 31 December 2017 is S$329.41 million and S$333.98 million respectively.

BUSINESS OUTLOOK[1]

MACROECONOMIC OUTLOOK

The International Monetary Fund (IMF) lowered its projection for global economic growth for both 2018 and 2019 to 3.7% in the latest World Economic Outlook report released in October 2018, 0.2% lower than the previous projections. Global financial conditions are expected to tighten as monetary policy resumes normalization. Trade measures put in place since April will weigh on activity in 2019 and beyond, while US fiscal policy will subtract momentum starting in 2020. China will slow, reflecting weaker credit growth and rising trade barriers.

In the US, according to the advance estimate by the Bureau of Economic Analysis (BEA), Gross Domestic Product (GDP) growth decreased to 3.5% quarter-on-quarter (q-o-q) in 3Q 2018 after growing 4.2% q-o-q in 2Q 2018 (revised). The ISM Manufacturing Purchasing Manager Index (PMI) decreased to 59.8 in September 2018 as compared to 60.2 in June 2018, while the ISM Non-Manufacturing PMI Index increased to 61.6 in September 2018 compared to 59.1 in June 2018. Meanwhile, the Consumer Price Index (CPI) rose 2.3% year-on-year (y-o-y) in September 2018 compared to 2.9% y-o-y in June 2018. The US unemployment rate decreased to 3.7% in September 2018 when compared with 4.0% in June 2018 while the participation rate decreased, at 62.7% in September 2018 compared to 62.9% in June 2018.

The Federal Open Market Committee (FOMC) decided to raise the target rate for the Federal Fund Rates by a further 25 basis points at the June meeting, bringing it to a range of 2.00%-2.25%. The Fed is expected to hike rates 1 more time by end of this year, for a total of 4 hikes in 2018. The Fed also revised GDP growth estimates to 3.1% for 2018, an upward revision from the 2.8% projection during the June FOMC meeting. Notably, the Fed has dropped the “accommodative” description in its monetary policy statement, indicating that tighter labour market conditions and continued economic expansion will drive stronger inflationary pressures going forward.

In China, GDP grew at 6.5% y-o-y in 3Q 2018, decreased from 6.7% in the previous quarter. The Caixin Manufacturing PMI decreased to 50.0 in September 2018 when compared to 51.0 in June 2018, while the Caixin Services PMI decreased to 53.1 from 53.9. Private consumption increased, with retail sales growing at 9.2% y-o-y in September 2018 compared to 9.0% y-o-y in June 2018. Export growth increased to 14.5% y-o-y in September 2018, compared to 10.5% y-o-y in June 2018 (revised), while import growth increased to 14.3% y-o-y from 13.8% (revised). The CPI increased to 2.5% y-o-y in September 2018 from 1.9% y-o-y in June 2018. In September 2018, China’s foreign exchange reserves have decreased to US$3087.0 billion from US$3112.1 billion in June 2018.

The Trump administration imposed a new set of tariffs on $200 billion worth of Chinese goods, starting at 10% which will increase to 25% by end of 2018, and further threatened to impose a third set of tariffs should China retaliate. Disregarding the threat, China has responded in kind, imposing its own retaliatory tariff on $60 billion worth of US imports. Continued concerns about the trade war between China and the US, and the ensuing impact on an already slowing Chinese economy, has seen the People’s Bank of China (PBOC) move towards a looser monetary policy. The central bank injected short-term liquidity through the open market to support bank lending while cutting the reserve requirement ratio (RRR) by 1%, which is the fourth RRR cut this year. The Chinese government has also indicated it will take a more proactive fiscal policy through further tax cuts, and government expenditure to support key infrastructure projects, so as to boost overall consumption in the economy.

Eurozone real GDP grew by 1.7% in 3Q 2018, compared to 2.2% growth y-o-y in 2Q 2018 (revised). The Markit Eurozone Composite PMI, which tracks sentiment among purchasing managers within the manufacturing and service sectors, decreased to 54.1 in September 2018 compared to 54.9 in June 2018. The Consumer Confidence
Indicator decreased to -2.9 from -0.6. Inflation increased as the CPI came in at 2.1% y-o-y in September 2018 from 2.0% y-o-y in June 2018.

The European Central Bank (ECB) concluded its meeting in September with no change in current policy rates, but pledged to maintain current rates at least through the summer of 2019, while completely phasing out the asset purchase program by end of 2018. The ECB further revised growth projections for the euro area with a downward adjustment to 2.0% for 2018, the second time this year, following less than favourable economic data for the quarter. Political risks will continue to be an overhang on the European market, with the ongoing Italian fiscal dispute with the European Commission, and Germany’s ruling coalition government losing its majority in the Bavarian state elections held in October.

Currency

The Singapore dollar nominal effective exchange rate (S$NEER) increased over the quarter. The S$NEER Index increased from 125.23 as of 29th June 2018 to 126.73 as of 28th September 2018. In 3Q18, SGD strengthened against GBP by 0.13%, AUD by 2.12%, CNY by 3.69%, and JPY by 2.34%. Over the same period, the SGD weakened against USD by 0.15%, EUR by 0.24%, KRW by 0.90%, and CHF by 2.00%. At the October 2018 meeting, MAS decided to increase slightly the slope of the S$NEER policy band. There will be no change to the width of the band or the level at which it was centred. This follows the slight increase in the slope of the policy band in April 2018 from zero percent previously.

In its quarterly Recent Economic Developments in Singapore report released in September, the Monetary Authority of Singapore (MAS) noted that growth in the domestic economy is expected to ease in momentum, 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 2.6% y-o-y in 3Q18, slower than the 4.1% growth in the previous quarter. On a q-o-q seasonally adjusted annualized basis, real GDP rose by 4.7%, compared to the 1.2% expansion in 2Q18.

Singapore's headline inflation rose as the CPI-All Items for July-August averaged 0.7% y-o-y, compared to 0.3% over the same period a year ago. MAS Core Inflation, which excludes the cost of accommodation and private road transport, increased to average 1.9% compared to 1.5% over the same period. This was because of stronger price increases in oil-related, as well as food and retail items. The MAS expects Core Inflation to come in within the range of 1.5-2.0%, and the CPI-All Items inflation to be around 0.5% for 2018.

TARGETED ASSET CLASSES

Loan Portfolio and Securitisation Assets

In the US, 63 new deals for US$32.9 billion, and 82 refinanced, reset, and re-issued deals for US$37.6 billion were priced during the quarter. European CLO supply was €13.7 billion across 29 deals in 3Q 2018, with 17 deals for €8.3 billion being new issues.

Over the quarter, supply drove CLO debt spreads wider across both US and EUR CLOs. As primary levels widened, the secondary market followed suit. With the greater demand for short-duration debt and the strong issue pipeline in 4Q 2018, spreads are likely to continue to widen.

The price of the Palmer Square CLO Debt Index, which tracks the value of US mezzanine CLO debt tranches, gained 1.14% in USD terms in 3Q 2018.

As for Australian RMBS, public year-to-date issuances has been an A$19.9 billion, down 19% from last year's A$24.6 billion. According to CoreLogic, house prices nationally fell 3.7% in the 12 months to September. Nevertheless, market conditions remained orderly, and the domestic economy is still well supported by favourable business and employment conditions.

China Domestic Bonds

Over the quarter, CNY-denominated domestic bonds produced positive return as the PBoC continued cash injections which pushed short- to medium-term interest rates down. As a result, the China government bond yield curve steepened. The yield on ten-year government bond rose by 15 basis points to 3.63%, five-year rose by 7 basis points to 3.44%, and three-year fell by 5 basis points to 3.27%.

As China faces economic slowdown, policymakers are trying to strike a balance between supporting growth and managing the nation's elevated debt levels. On one hand, the ongoing deleveraging process and crackdown on the shadow banking sector has led to around CNY 60.6 billion of domestic bonds defaulting this year. On the other hand, liquidity injections by the PBoC helped corporate borrowing costs fall to the lowest level since 1Q 2017.

In spite of the various rounds of liquidity injections, policymakers remain cautious and kept stimulus measures targeted. Lending is directed away from industries suffering from over-capacity to those that are more productive and infrastructure projects to support sustainable growth in the economy. As such, weaker borrowers will likely still face elevated refinancing risk.

The Bloomberg Barclays China Aggregate Index, which tracks the bonds listed on the Chinese interbank market, gained 1.26% in CNY terms in 3Q 2018.

Other Bonds

In 3Q 2018, USD-denominated high yield (HY) continued to outperform investment grade (IG) as risk sentiments remained resilient despite trade war concerns. Total return for HY this quarter was at 2.40% vs 0.97% for IG with credit spreads continued to tighten, partially mitigating the impact of higher interest rates.

10-year US treasury yield, key indicator for inflation expectations and growth, was mostly range-bound in 3Q 2018 before surging about 20 basis points higher in September. This was largely attributed to heightened expectations of further rate hikes by the Federal Reserve, supported by a persistent tightening labour market (unemployment rate touching 5-decade low at 3.7%) while inflation (12 months through August) remained on Federal Reserve's target of 2%. The Federal Reserve raised interest rates by 25 basis points in its September meeting to 2% - 2.25% and maintained its forecast of one more hike by the end of the year, and three more hikes in 2019. The central bank was also more hawkish, removing language in its public statement that had characterised its policy as "accommodative". 2018's GDP growth forecast was revised upwards to 3.1% from 2.8%.

US treasury yield curve bear-flattened for the second consecutive quarter as gap between 2-year and 10-year treasuries tightened to 24 basis points (level last seen in 2007). 2-year US treasury yield increased 29 basis points to 2.82% while 10-year US treasury yield increased 21 basis points to 3.06%.

Over the quarter, the Bloomberg Barclays High Yield Index, which tracks global high yield multiple-currencies bond markets, rebounded by 1.98% in USD terms.

Bank Contingent Convertibles (CoCos)

Low cost of risk for bank balance sheets continues to support muted risk-weighted asset growth, maintaining stable capital buffers. Bank earnings reported within the quarter pointed to stable net interest margin growth while ongoing market volatility remains supportive of trading revenues. NPL levels continue to decline on the back of asset sales and more favourable regulatory treatment for recognizing disposals.

AT1 issuances for the quarter finished at US$16.8B compared to the previous quarter of US$6.1B. Banks from UK, Spain and Switzerland were the significant issuers within the quarter as issuers sought to pre-finance their AT1s which are coming due to first call over the next 6 months.

European bank performance was driven by a combination of Italian political fears and volatility in Emerging Markets. In Italy, contradictory headlines around the government’s willingness to respect EU budget rules continues to keep markets on edge and keep Italian government bond spreads elevated versus German Bunds.

Emerging markets volatility meanwhile spiked and ebbed, driving market sentiment against banks with significant balance sheet exposures to certain EM countries. Turkey suffered a 31.54% TRYEUR depreciation within the quarter before recovering slightly after the Turkish Central Bank hiked interest rates by 6.25%. While the Brazilian Real recovered from its 5 year low on the back of supportive first round election results in Brazil.

The Bank of America Merrill Lynch Contingent Capital Index, which tracks the global CoCo debt markets, ended up 1.938% in USD terms in 3Q 2018.

Listed Equities

The trade war between China and the US continues to be the greatest cause of concern for the global equity markets. The first round of tariffs on both US and Chinese goods came into effect in July, which was followed by the announcement of a new set of tariffs and counter-tariffs which then came into effect in September.

Most of the equity indices saw increased volatility which accompanied the developments in the US-China trade dispute, including two sharp dips in mid-August and mid-September that were then followed by rebounds back to pre-dip levels. As a result, many of the equity markets finished the quarter slightly down. The Shanghai Composite Index decreased 0.92%, while the Hang Seng China Enterprise Index decreased by 0.50%. On the domestic front, the Straits Times Index decreased 0.36% in the quarter.

However, the US equities continued its strong run, with the S&P 500 rising 7.92% in the third quarter. A continued economic expansion in the US economy is driving unemployment levels ever lower, while a tight labour market is finally translating into wage growth that is likely driving strong continued consumption. However, post-quarter, the sustainability of this continued bull market has now been put into question, with US companies lowering earnings guidance for 3Q, while rising interest rates and its impact on equity valuations seemed to be hitting home to investors.

The MSCI All Country World Index, which tracks the global equity markets across both developed and emerging markets, increased by 3.77% in USD terms in 3Q 2018.

Summary

Overall, market volatility continues to be elevated, driven mainly by emerging market assets adjusting to ongoing Fed interest rate tightening. This mostly played out in the currency markets as several emerging market currencies – Turkish Lira, Brazilian Real, Chinese Yuan and Indian Rupee exhibited strong negative moves within the quarter vs the USD. Notwithstanding the impact on future growth from trade concerns, various emerging market central banks felt compelled to adopt a hawkish stance by hiking interest rates in order to stem inflationary pressures and to defend their currencies from further depreciation.

Fundamentally, strong corporate earnings and robust economic growth, supported by corporate tax cuts, boosted US equities performance versus other equity markets. US Equity valuations remain above their long-term average, with ongoing Federal Reserve interest rate hikes and US-China trade tension exacerbating late-cycle pressures. In contrast, real growth has become more uneven across regions. China growth in 3Q came in lower than market expectations, while EU GDP slowed as business confidence declined.

Brent crude rose by 4.13% in the quarter while the Bloomberg Commodity Index, which tracks global commodities, ended 1.99% lower. Oil prices retreated at the start of the quarter as the rising trade tension between US and China threatened economic growth. The situation was exacerbated by supply fears after surprise US stockpile increases. However, the impending US sanctions against Iran's crude exports drove Brent crude price past US$80 per barrel in the second half of September on supply concerns.

Looking forward, the US mid-term elections, political overhang amongst the EU member states, and tighter monetary conditions are some of the events that will continue to weigh on investors sentiments. Unexpected inflation possibly driven by elevated energy prices and ongoing trade frictions will certainly keep investors watchful.

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 Sep 18 S$'000	Group Year to date 30 Sep 18 S$'000	Group Quarter ended 30 Sep 17[1] S$'000	Group Year to date 30 Sep 17[1] S$'000
Income				
Dividend income	731	1,565	604	1,346
Interest income	3,730	11,197	4,080	12,868
Net foreign exchange gain (net of hedges)	-	445	996	2,849
Net gain on sale of investments	-	-	1,928	8,962
Net gain/(loss) on financial assets designated as fair value through profit or loss	3,381	(8,306)	270	1,837
Other income	-	6,838	232	232
Total income	7,842	11,739	8,110	28,094
Expenses				
Management fees	(552)	(1,731)	(593)	(1,715)
Incentive fees	-	-	(698)	(4,926)
Net foreign exchange loss (net of hedges)	(346)	-	-	-
Other operating expenses	(586)	(1,662)	(496)	(1,549)
Total expenses	(1,484)	(3,393)	(1,787)	(8,190)
Net impairment expense	-	-	(757)	(2,686)
Profit before tax	6,358	8,346	5,566	17,218
Income tax expense	(43)	(88)	(28)	(80)
Profit after tax	6,315	8,258	5,538	17,138
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
- Reclassification to profit or loss	-	-	526	(2,228)
Currency translation differences arising from consolidation				
- Loss	(2,400)	(1,266)	(1,258)	(5,621)
Other comprehensive income for the period after tax	(2,400)	(1,266)	604	1,314
Total comprehensive income for the period attributable to shareholders	3,915	6,992	6,142	18,452
Basic earnings per share (cents per share)	0.37	0.49	0.34	1.08
Diluted earnings per share (cents per share)	0.37	0.49	0.34	1.08

[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 Sep 18 S$'000	Group As at 31 Dec 17[1] S$'000	Company As at 30 Sep 18 S$'000	Company As at 31 Dec 17[1] S$'000
ASSETS				
Non-current assets				
Investments in subsidiaries	-	-	-	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	242,081	58,969	242,081	58,969
	242,081	203,712	242,081	258,008
Current assets				
Cash and cash equivalents	39,016	88,090	39,016	88,090
Available-for-sale financial assets	-	38,141	-	38,141
Financial assets at fair value through profit or loss	55,034	-	55,034	-
Other assets	4,030	7,348	4,030	7,348
	98,080	133,579	98,080	133,579
Total Assets	340,161	337,291	340,161	391,587
LIABILITIES				
Intercompany payables	-	-	-	54,297
Other liabilities	10,749	4,399	10,749	4,398
Total Liabilities	10,749	4,399	10,749	58,695
Net assets attributable to shareholders	329,412	332,892	329,412	332,892
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	9,849	11,115	-	-
Accumulated losses	(184,380)	(183,545)	(174,531)	(172,430)
Total Equity	329,412	332,892	329,412	332,892
Net asset value per share (S$ per share)	0.1942	0.2014	0.1942	0.2014

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 Sep 18 S$'000	Group Year to date 30 Sep 18 S$'000	Group Quarter ended 30 Sep 17 S$'000	Group Year to date 30 Sep 17 S$'000
Cash flows used in/from operating activities				
Operating costs paid	(1,245)	(4,268)	(5,578)	(8,745)
Interest income received	4,999	11,037	4,669	13,229
Dividend income received	936	1,369	781	1,239
Settlement of forward contracts	-	2,357	659	(1,470)
Other income received	-	6,838	232	232
Income tax paid	(43)	(87)	(40)	(75)
Net cash inflows from operating activities	4,647	17,246	723	4,410
Cash flows used in/from investing activities				
Purchase of financial assets	(20,369)	(128,552)	(13,154)	(77,297)
Redemption/maturity of financial assets	21,216	29,205	355	1,531
Proceeds from disposal of financial assets	12,143	36,730	18,438	69,429
Net cash outflows generated from/ (used in) investing activities	12,990	(62,617)	5,639	(6,337)
Cash flows used in financing activities				
Dividends paid	-	(3,663)	-	(3,931)
Net cash flows used in financing activities	-	(3,663)	-	(3,931)
Net increase/(decrease) in cash and cash equivalents	17,637	(49,034)	6,362	(5,858)
Cash and cash equivalents at beginning of period	21,685	88,090	9,591	21,889
Effects of exchange rate changes on cash and cash equivalents	(306)	(40)	93	15
Cash and cash equivalents at end of period	39,016	39,016	16,046	16,046

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity of the Group for the quarter and period ended 30 September 2018	Share capital S$'000	Capital reserve[1] S$'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 half ended 30 June 2018	-	-	-	1,134	1,943	3,077
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,252	-	-	-	-	6,252
Dividends for the period	-	-	-	-	(9,915)	(9,915)
Total equity at 30 June 2018	569,789	(65,846)	-	12,249	(182,214)	333,978
Total comprehensive income for the 3rd quarter ended 30 September 2018	-	-	-	(2,400)	6,315	3,915
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(8,481)	(8,481)
Total equity at 30 September 2018	569,789	(65,846)	-	9,849	(184,380)	329,412

Changes in shareholders' equity of the Group for the quarter and period ended 30 September 2017	Share capital S$'000	Capital reserve[1] S$'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 half year ended 30 June 2017	-	-	5,073	(4,363)	11,600	12,310
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
Dividends for the period	-	-	-	-	(11,638)	(11,638)
Total equity at 30 June 2017	557,139	(65,846)	18,069	10,230	(200,442)	319,150
Total comprehensive income for the 3nd 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)
Total equity at 30 September 2017	557,139	(65,846)	19,931	8,972	(205,359)	314,837

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 period ended 30 September 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 half year ended 30 June 2018	-	-	-	3,077	3,077
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
Dividends for the period	-	-	-	(9,915)	(9,915)
Total equity at 30 June 2018	569,789	(65,846)	-	(169,965)	333,978
Total comprehensive income for the 3rd quarter ended 30 September 2018	-	-	-	3,915	3,915
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(8,481)	(8,481)
Total equity at 30 September 2018	569,789	(65,846)	-	(174,531)	329,412

Changes in shareholders' equity of the Company for the quarter and period ended 30 September 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 half year ended 30 June 2017	-	-	7,646	4,664	12,310
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
Dividends for the period	-	-	-	(11,638)	(11,638)
Total equity at 30 June 2017	557,139	(65,846)	18,003	(190,146)	319,150
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)
Total equity at 30 September 2017	557,139	(65,846)	19,863	(196,319)	314,837

[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

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

On 8 August 2018, the Company 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 has been paid on 12 October 2018.

Ordinary Shares	**Group 2018**	**Group 2017**
Interim Dividend		
Dividend per Share (cents)	0.50	0.65
Dividend amount (S$'000)	8,481	10,455
Final Dividend		
Dividend per Share (cents)	-	0.60
Dividend amount (S$'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 nine months ended 30 September 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 1 January 2018 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
Movements from 1 July 2018 to 30 September 2018	-	-	-	-
Total share capital as at 30 September 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 Sep 18	Company As at 30 Sep 18	Group As at 31 Dec 17	Company As at 31 Dec 17
Total net asset value (S$'000)	329,412	329,412	332,892	332,892
Total number of ordinary shares in issue used in calculation of net asset value per share ('000)	1,696,295	1,696,295	1,652,575	1,652,575
Net asset value per ordinary share (S$ per share)	0.1942	0.1942	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 September 2018 was 19.42 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 as well as 2018 interim dividend declared in August 2018. 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. After adjusting for the 2018 interim dividend, the net asset value per share as at 30 September 2018 would have been 19.92 Singapore cents and the increase in net asset value per share would be 2.63%.

EARNINGS PER SHARE

	Group Quarter ended 30 Sep 18	Group Year to date 30 Sep 18	Group Quarter ended 30 Sep 17	Group Year to date 30 Sep 17
Basic earnings per share				
Earnings used in calculation of basic earnings per share (S$'000)	6,315	8,258	5,538	17,138
Weighted average number of shares in issue used in calculation of basic earnings per share ('000)	1,696,295	1,678,038	1,608,450	1,584,576
Basic earnings per share (cents per share)	0.37	0.49	0.34	1.08
Diluted earnings per share				
Earnings used in calculation of diluted earnings per share (S$'000)	6,315	8,258	5,538	17,138
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	1,696,295	1,678,038	1,608,450	1,584,576
Diluted earnings per share (cents per share) [1]	0.37	0.49	0.34	1.08

[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 September 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	Jason See Yong Kiat
Chairman	Manager Nominated Director
12 November 2018	12 November 2018