



Global Investments Limited

FY2014 Financial Results

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1. Financial Highlights

2. Corporate Overview

3. Portfolio Overview

4. Outlook

1. Financial Highlights

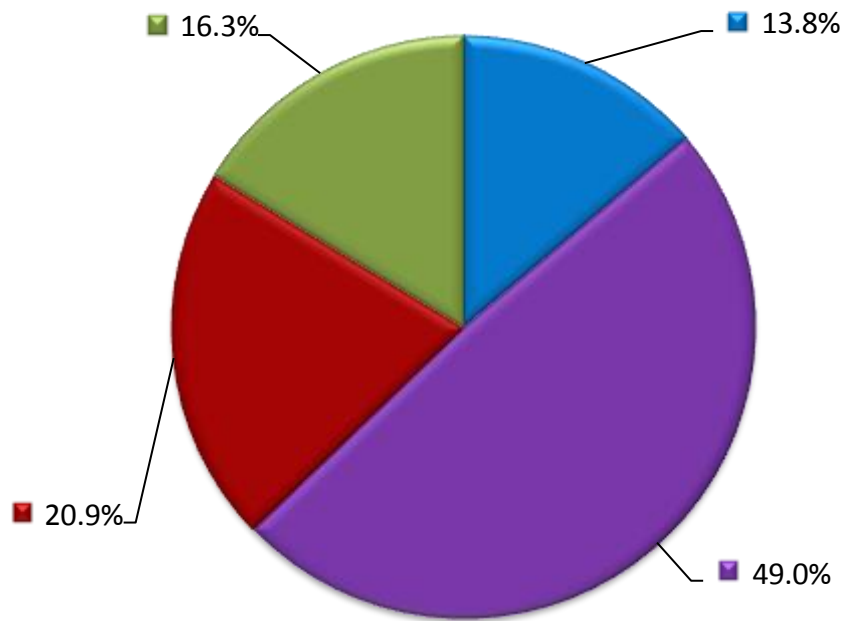
	FY 2014	FY 2013	% Change	
Net Profit after Tax	S\$24.3M	S\$28.8M	15.6%	Net profit after tax dropped by 15.6% on a year-on-year basis to S\$24.3 million from S\$28.8 million. Excluding the S\$7.0 million one off gain from the redelivery and sale of the two aircraft in the previous year, the net profit after tax would have increased by 11.5%.
Total Revenue	S\$30.9M	S\$35.9M	13.9%	Revenue dropped by 13.9% to S\$30.9 million for the full year 2014. Excluding the one off gain from the redelivery and sale of the two aircraft, the revenue would have increased by 6.9%.
Total Expenses	S\$8.1M	S\$9.1M	11.0%	Decrease in total expenses was due to the absence of depreciation of aircraft and lower finance cost following the sale and redelivery of the two aircraft.

1. Financial Highlights

	FY 2014	FY 2013	% Change	
Return on Equity	8.8%	12.5%	29.6%	Return on Equity decreased to 8.8% in FY2014 (based on average Total Equity of S\$277.23 million) from 12.5% in FY2013 (based on average Total Equity of S\$229.91 million)
Earnings per Share	S\$0.0192	S\$0.0282	31.9%	Earnings per share decreased by 31.9% to 1.92 Singapore cents in FY2014 (based on the weighted average number of shares of 1,267.75 million after taking into account the additional shares issued pursuant to the Scrip Dividend Scheme) from 2.82 Singapore cents (based on the weighted average number of shares of 1,020.15 million) in FY2013.
Net Asset Value	S\$284.7M	S\$269.7M	5.6%	Net Asset Value ("NAV") increased by 5.6% to S\$284.7 million in FY2014. If the 2013 dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2013, the net asset value per share as at 31 December 2013 would have been 20.6 Singapore cents instead of 22.6 Singapore cents per share. After adjusting for the 1H2014 interim dividend and shares relating to the Scrip Dividend Scheme, the net asset value per share as at 31 December 2014 would have been 22.4 Singapore cents and the increase in NAV per share would be 8.7% for the year ended 31 December 2014.
Dividend Distribution	S\$19.6M	S\$17.9 M	9.5%	Dividend distribution per share totalled 1.5 Singapore cents (based on larger 1,334,472,601 shares) in FY2014. The total amount of dividend to be paid increased by 9.5% to S\$19.6 million in FY2014 from S\$17.9 million in FY2013.

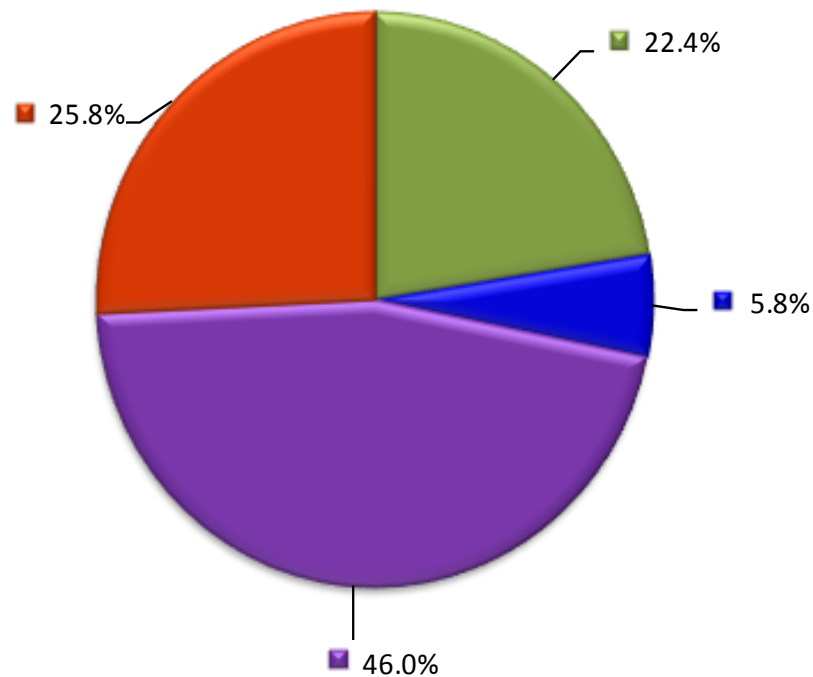
1. Financial Highlights

Revenue Composition for the Year ended 31 December 2014



- Dividend income (13.8%)
- Interest income (49.0%)
- Net gain on sale of investments (20.9%)
- Other income (16.3%)

Expenses Composition for the Year ended 31 December 2014



- Management fees (22.4%)
- Management incentive fees (5.8%)
- Net foreign exchange losses (46.0%)
- Other operating expenses (25.8%)

Consolidated Statement of Comprehensive Income

Income Statement	For the Year ended 31 December 14 S\$'000	For the Year ended 31 December 13 S\$'000	Change %
Revenue			
Dividend income	4,252	2,368	80%
Interest income	15,131	13,543	12%
Rental income	-	1,577	n.a
Net gain on sale of investments	6,450	14,092	(54%)
Net gain on financial assets designated as fair value through profit or loss	156	445	(65%)
Other income	4,866	3,847	26%
Total Revenue	30,855	35,872	(14%)
Expenses			
Management fees	(1,816)	(1,573)	15%
Incentive fees	(466)	(1,216)	(62%)
Net foreign exchange losses	(3,725)	(3,512)	6%
Depreciation	-	(429)	n.a
Finance costs	(1)	(448)	(100%)
Other operating expenses	(2,084)	(1,876)	11%
Total Expenses	(8,092)	(9,054)	(11%)
Net reversal of impairment expense/(Net impairment expense)	2,148	(2,770)	178%
Share of profit of associate (net of tax)	-	5,224	n.a
Profit before tax	24,911	29,272	(15%)
Income tax expense	(594)	(498)	19%
Profit after tax	24,317	28,774	(15%)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets			
- Fair value gain	4,083	9,417	(57%)
- Reclassification to profit or loss	(9,006)	(9,066)	(1%)
Currency translation differences arising from consolidation			
- Gains	4,557	4,289	6%
Other comprehensive income/(loss) for the period after tax	(366)	4,640	(108%)
Total comprehensive income for the period attributable to shareholders	23,951	33,414	(28%)
Basic earnings per share (cents per share)	1.92	2.82	(32%)
Diluted earnings per share (cents per share)	1.92	2.82	(32%)

Statement of Financial Position (Group)

	As at 31 December 2014 S\$'000	As at 31 December 2013 S\$'000	Change %
Assets			
Cash and cash equivalents	31,252	20,346	54%
Financial assets at fair value through profit or loss	49,635	54,867	(10%)
Available-for-sale financial assets	134,195	102,983	30%
Loans and receivables	69,584	92,410	(25%)
Investment in associate	-	9,393	n.a
Other assets	1,403	1,063	32%
Total Assets	286,069	281,062	2%
Liabilities			
Other liabilities	1,347	11,317	(88%)
Total Liabilities	1,347	11,317	(88%)
Net assets attributable to shareholders	284,722	269,745	6%
Shareholders equity	284,722	269,745	6%

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2. Corporate Overview

❑ **Change of Company Secretary**

- ❑ On 28 March 2014, the Company announced the appointment of Ms Janice Loraine Haskins as its Company Secretary in place of Ms Anne Bennett-Smith with effect from 28 March 2014.

❑ **Dividend Distribution Frequency**

- ❑ Change of frequency of dividend distribution from annual to semi-annual basis.

❑ **Scrip Dividend Scheme**

- ❑ On 8 August 2014, the Company announced that the Scrip Dividend Scheme will be applied to the interim dividend of 0.75 Singapore cents per share for 1H2014.
- ❑ The Company allotted and issued 52,185,520 new ordinary shares at an issue price of 13.00 Singapore cents for each new share.
- ❑ The proportion of the total interim dividend amount issued as new shares pursuant to the Scrip Dividend Scheme was approximately 70.54%.
- ❑ New shares were listed on 13 October 2014.

2. Corporate Overview

❑ 2014 Dividend Distribution

- ❑ Interim dividend of 0.75 Singapore cents per share was paid on 10 October 2014.
- ❑ Final dividend of 0.75 Singapore cents per share is declared on 17 February 2015.
- ❑ The Scrip Dividend Scheme will be applied to the final dividend of 0.75 Singapore cents per share for FY2014.
- ❑ Based on closing share price of 14.4 cents on 31 December 2014, the full year dividend distribution of 1.5 Singapore cents per share represented an annual dividend yield of 10.4%.

❑ Corporate Governance

- ❑ The Governance and Transparency Index 2014 (“GTI 2014”) was released in The Business Times on 25 July 2014. The Company was ranked 34th out of 644 listed companies in the GTI 2014. The Company’s base GTI score was 67 points and was given a further 6 bonus points, totalling up to a final score of 73 points in comparison to last year’s final score of 78 points.

❑ 2014 Annual General Meeting

- ❑ All resolutions put to the vote at the annual general meeting held on 29 April 2014 were duly approved and passed by the Company’s shareholders.

2. Corporate Overview

❑ **Change of Name of Fund Administrator and Assistant Company Secretary**

- ❑ On 24 October 2014, the Company announced that the Company's fund administrator and assistant company secretary will change its name from ISIS Fund Services Ltd. to IKONIC Fund Services Ltd. with effect from 16 October 2014.

❑ **Cessation of Alternate Director**

- ❑ Mr Ng Kuan Chow ("Mr Ng") was appointed on 5 November 2013 as the alternate director to Mr See Yong Kiat for a period of one year.
- ❑ Mr Ng's term ended on 4 November 2014.
- ❑ The Company would like to thank Mr Ng for his commitment and support over the past year.

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3. Portfolio Overview

- By Carrying Value as a % of the Company's Net Asset Value

	FY 2014	FY 2013	
Listed Equities	32%	36%	The listed equities portfolio decreased to 32% in 2014 as compared to 36% in 2013. During the year, the Company exited its equity position in the Japanese market, reduced exposure in the European market and established positions in South Korea and China 'A' Shares market.
Bonds	25%	22%	The bond portfolio increased to 25% in 2014 as compared to 22% in 2013. Over the year, there was a net increase in USD bonds exposure and positions were established in CNH bonds.
Loan Portfolio & Securitisation Assets	25%	35%	The loan portfolio and securitisation assets decreased by 10% from 35% in 2013 to 25% in 2014, due to divestment of two USD denominated CLO/CLN and one EUR denominated CLO. Part of the sale proceeds was reinvested in an existing Australian RMBS and a USD denominated CLO.
Operating Lease Asset	7%	3%	The operating lease asset portfolio increased by 4% due to the fair valuation of Ascendos Investments Limited after it was reclassified as an available-for-sale financial asset. The Company continues to hold a 40.56% equity interest in Ascendos Investments Limited as at 31 December 2014.
Cash & Other Assets	11%	4%	Cash and other assets increased to 11% in 2014 as compared to 4% in 2013, mainly due to net proceeds received from the disposal of investments.

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Rail

- ❑ Freight demand declined in 4Q 2014 due to weaker commodities markets and poor global trade.
- ❑ Stricter EU Stage IIIB emission guidelines will apply for all new build diesel locomotives beginning in 2015, limiting their demand. This will help to support lease rates and valuations for existing diesel engines. The freight rail market outlook for 2015 remains cautious, but with expectations of slight growth over 2014.

Residential

- ❑ The housing market in Australia experienced a slower pace of growth in 2014. According to the CoreLogic RP Data Home Value Index for capital cities, house prices rose 7.9% in 2014 compared to 9.8% in 2013.
- ❑ The Reserve Bank of Australia has maintained its benchmark cash rate at 2.5% in 2014, keeping housing loans affordable and providing support to the housing market, while unemployment has edged slightly higher to 6.1% from 6.0% at the beginning of the year.
- ❑ Going forward, the recent rate cut by the Reserve Bank of Australia in early 2015 is expected to provide support for the market.

Corporate Loans

- ❑ Prices of global corporate loans declined in 4Q 2014 due to continued capital outflows from loan funds caused by concerns over the weakening global outlook and falling oil prices. CLO new issuance volume continues to remain robust, and is expected to grow further in 2015.
- ❑ The low interest rate environment continues to keep global default rates low. Moody's Global Speculative-Grade Corporate Default Rate ended 2014 at 2.1%, down from 2.9% at the end of 2013. Looking ahead, Moody's expects global default rates to increase to 2.7% in 2015 on geopolitical concerns and weak economic growth outside the US.

4. Sector Outlook

Listed Equities and Bonds

- ❑ While lower oil and commodity prices are tipping major central bankers towards more accommodative policies that lend support to the markets, investments in equities and credits remain challenging as prices may be more volatile and fear of default risk has generally increased, especially in sectors which face the headwinds from low oil prices and currency volatility.
- ❑ Other key risks which may cause volatility in the markets in the near term include the escalation of political risk in Europe, a pronounced slowdown in China's economy, a rise in distressed condition for some emerging markets (more so for countries with worsening current account balance and high external debts) affected by the low oil and commodity prices, and increased violence in the Middle East.

4. Company Outlook

❑ **Future Direction and Growth Strategy of GIL**

- ❑ To grow its assets and seek new investment in assets that will generate steady income and potential appreciation in capital to deliver regular dividends and achieve capital growth.
- ❑ Active management of GIL's assets.

❑ **Investment Objective**

- ❑ Investment opportunities in high yield bond, hybrid instruments and public equity investments, operating lease assets, and single loans and loan portfolio assets.
- ❑ To be selective in the current environment, focusing on fundamental bottom-up analysis, with preference for assets with defensive characteristics, and good cashflow generating ability.