

GLOBAL INVESTMENTS LIMITED

SGX Quarterly Report
31 March 2014

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STAM, as manager of GIL is entitled to fees for so acting. STAM and its related corporations, together with their respective officers and directors, may hold shares in GIL from time to time.

This financial report has been prepared to enable the directors to comply with their obligations under the Singapore Exchange Securities Trading Limited Listing Rules and where relevant, to satisfy the requirements of the International Financial Reporting Standards. The responsibility for the preparation of the financial report and any financial information contained in this financial report rests solely with the directors of GIL.

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PERFORMANCE REVIEW

QUARTER ENDED 31 MARCH 2014

The Company and its subsidiaries ("the Group") reported a profit after tax of S$8.2 million in the current quarter as compared to S$9.8 million in the same quarter last year. The lower profit was mainly due to a lower gain from sale of investments of S$1.9 million in the current quarter as compared to S$5.7 million in the same quarter last year.

REVENUE

Revenue for 1Q 2014 was S$7.4 million as compared to S$10.5 million in 1Q 2013. The lower revenue was mainly due to a lower gain from sale of investments in the current quarter and the cessation of rental income following the sale of the two aircraft in 2Q 2013. The lower revenue was cushioned by higher interest income from collateralised loan obligation notes ("CLOs") and bonds as well as foreign exchange gains from the strengthening of Australian Dollar against United States Dollar.

EXPENSES

Expenses in 1Q 2014 decreased to S$0.3 million from S$1.4 million in the comparative quarter. The reversal of S$0.6 million following the adjustment in the incentive fees charged in last financial year was effected in this quarter. The absence of depreciation expense and finance cost following the sale of the two aircraft in 2Q 2013 further contributed to the lower expenses in this quarter.

SHARE OF PROFIT OF ASSOCIATED COMPANY

The higher share of profit of an associated company, Ascendos Investments Limited ("Ascendos"), of S$1.2 million was recorded as compared to S$0.7 million in the comparative quarter.

OTHER COMPREHENSIVE INCOME

Other comprehensive loss for the Group was S$3.5 million in 1Q 2014 compared to a gain of S$2.1 million in the comparative quarter. The loss in the current quarter was partially due to a $1.5 million fair value loss from the available-for-sale financial assets ("AFS") and a S$1.7 million negative movement in the AFS revaluation reserve as a result of the reclassification of the revaluation gain to profit or loss following the sale of listed equities. In 1Q 2013, the S$5.5 million fair value gain from AFS was offset by the S$5.4 million negative movement in the AFS revaluation reserve. The translation loss of S$0.3 million in 1Q 2014 was due to the weakening of US Dollar against Singapore Dollar, compared to the translation gain of S$1.9 million in 1Q 2013. As a result, the Group's total comprehensive income in the current quarter was S$4.7 million versus S$11.8 million in the same quarter last year.

STATEMENT OF FINANCIAL POSITION

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss of S$55.2 million comprised of investments in a portfolio of bonds.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The available-for-sale financial assets decreased to S$74.8 million as at 31 March 2014 from S$103.0 million as at 31 December 2013, mainly due to the disposal of Japanese listed equities.

CASH AND CASH EQUIVALENTS

The higher cash and cash equivalents of S$39.4 million as at 31 March 2014 as compared to S$20.3 million as at 31 December 2013 was mainly due to net proceeds received from the disposal of listed equities.

NET ASSET VALUE PER SHARE

The net asset value per share of the Group as at 31 March 2014 was 21.5 Singapore cents. If the FY2013 dividend was declared in FY2013 instead of in FY2014, the net asset value per share as at 31 December 2013 would have been 21.1 Singapore cents instead of 22.6 Singapore cents per share and the increase in net asset value per share would be 1.9% for the period ended 31 March 2014.

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 31 March 2014 comprised the following assets:

OPERATING LEASES

Ascendos Investments Limited ("Ascendos")

The Group has a 40.56% interest in Ascendos, a Guernsey company. Ascendos holds 100% of Ascendos Rail Leasing S.à r.l. which currently owns and leases a portfolio of rail equipment, consisting of passenger train fleets, locomotives, and freight wagons in mainland Europe.

LOAN PORTFOLIO AND SECURITISATION ASSETS

Residential Mortgage-Backed Securities ("RMBS")

The Group is invested in a portfolio of Australian RMBS, which are securitisation vehicles that hold Australian residential mortgage loans.

Collateralised Loan Obligation ("CLO") Securities

The Group is invested in a portfolio of USD and EUR denominated CLO and credit-linked notes ("CLN"). 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, while the CLN investment references a portfolio of corporate loans, with the obligors mainly domiciled in Asia.

LISTED EQUITIES

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

BONDS

The Group is invested in a portfolio of bonds denominated in SGD, EUR and USD.

BUSINESS OUTLOOK[1]

TARGETED ASSET CLASSES

Operating Lease Assets

Demand for freight equipment is on a slight uptrend, as overall rail freight demand continues to exceed expectations. Price competition for freight equipment may begin to ease as demand exceeds supply. The manufacturing PMI for the Eurozone showed positive expansion for the ninth straight month since July last year, led by Germany and Spain. This will contribute positively to rail freight demand.

Loan Portfolio and Securitisation Assets

Australia's capital city residential property values posted gains in 1Q14. The RP Data-Rismark Home Value Index for capital cities increased 3.5% quarter-on-quarter as at end March 2014. Overall, the growth in national median house price slowed to 2.0% quarter-on-quarter versus 3.8% in 4Q13. The unemployment rate increased to 6.0% over January to February, but fell back to 5.8% at the end of the quarter. The Reserve Bank of Australia has maintained the benchmark cash rate at 2.5%, which continues to support the housing market by keeping loan costs affordable.

A benign credit environment and strong demand from CLOs and other loan funds have contributed to a continued increase in loan prices in 1Q2014. The Moody's Global Speculative-Grade Corporate default rate has declined from 2.6% at end 2013 to 2.3% at end 1Q2014. Citing stable credit conditions with ample availability of liquidity, Moody's expects global corporate default rates to end 2014 slightly lower.

Listed Equity and Bond Assets

The MSCI World Index was volatile in 1Q 2014 but ended the quarter relatively unchanged, with an overall increase of 0.44% in SGD terms. In January, the index was dragged down by growing concerns of rising corporate default risk in China as recent data pointed to further weakening in Chinese economic growth, which could be negative for global equity markets. Credit growth slowed down markedly as liquidity became scarce and domestic interest rates rose because of the tight monetary stance maintained by the Chinese central bank. In Japan, shares were markedly down ahead of the hike in consumption tax in April 2014 as well as investors' worries over the lack of progress in "Abenomics". Widened trade deficits which showed weaker export growth despite yen depreciation also dampened investor sentiment. In Europe, shares were buoyed by the encouraging economic data indicating that ongoing recovery remained intact. The lower inflation rate, which is far below the official target, has given room for further monetary easing by the European central bank in an effort to avoid economies falling into deflation. However, the European markets were affected by geopolitical risks surrounding the ongoing Ukraine/Crimea crisis. Strong economic data in the US heightened investors' optimism over the US economic growth prospects and helped the index to recover and end relatively unchanged for the quarter.

The global equity markets are expected to be cautious and uncertain in the near term until there is greater visibility of peaceful resolution on geopolitical issues relating to Ukraine and on the strength of recovery in major economies supported by stronger policies to support growth. In China, the government is prepared to accept slower growth and aims to stabilize its economy while carrying out its reform measures. Neither large fiscal stimulus nor monetary easing are expected, but some growth supportive measures would most likely be implemented by the government. Modest recovery is expected to continue in Europe on the back of improving financing conditions, fiscal consolidation and structural reforms. However, a strong euro, the prospect of an extended period of low inflation and slow credit extension pose as a major threat to European economies. There has been discussion among European leaders recently on unconventional quantitative easing so as to further stimulate growth and to avoid deflationary threat. In the US, as macroeconomic data improves gradually, the Federal Reserve ("the Fed") is expected to stay on course with tapering on its asset purchasing program. The Fed Chairman Yellen's comments on maintaining low interest rates for an extended period of time to support growth are seen as dovish by equity investors. Thus, over the long term, equities remain attractive and are supported by the excess liquidity condition and pro-growth policies in the developed countries.

Summary

The Company will continue to actively manage its assets and the associated risks with the view to enhance returns to shareholders. The Company will also seek investment opportunities that fit the investment objectives of the Company.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Quarter ended 31 Mar 14 S$'000	Group Year to date 31 Mar 14 S$'000	Group Quarter ended 31 Mar 13 S$'000	Group Year to date 31 Mar 13 S$'000
Revenue				
Dividend income	226	226	270	270
Interest income	3,685	3,685	2,765	2,765
Rental income	-	-	1,176	1,176
Net foreign exchange gains	1,216	1,216	480	480
Net gain on sale of investments	1,884	1,884	5,694	5,694
Net gain/(loss) on financial assets designated as fair value through profit or loss	436	436	(42)	(42)
Other income	-	-	191	191
Total revenue	7,447	7,447	10,534	10,534
Expenses				
Management fees	(406)	(406)	(339)	(339)
Incentive fees	596	596	-	-
Depreciation	-	-	(320)	(320)
Finance costs	-	-	(264)	(264)
Other operating expenses	(524)	(524)	(470)	(470)
Total expenses	(334)	(334)	(1,393)	(1,393)
Share of profit of associate (net of tax)	1,174	1,174	734	734
Profit before tax	8,287	8,287	9,875	9,875
Income tax expense	(103)	(103)	(111)	(111)
Profit after tax	8,184	8,184	9,764	9,764
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets				
- Fair value (losses)/gains	(1,468)	(1,468)	5,518	5,518
- Reclassification to profit or loss	(1,724)	(1,724)	(5,373)	(5,373)
Currency translation differences arising from consolidation				
- (Losses)/Gains	(268)	(268)	1,927	1,927
Other comprehensive (loss)/income for the period after tax	(3,460)	(3,460)	2,072	2,072
Total comprehensive income for the period attributable to shareholders	4,724	4,724	11,836	11,836
Basic earnings per share (cents per share)	0.69	0.69	1.15	1.15
Diluted earnings per share (cents per share)	0.69	0.69	1.15	1.15

STATEMENT OF FINANCIAL POSITION

	Group As at 31 Mar 14 S$'000	Group As at 31 Dec 13 S$'000	Company As at 31 Mar 14 S$'000	Company As at 31 Dec 13 S$'000
ASSETS				
Non-current assets				
Investment in associate	10,217	9,393	-	-
Investments in subsidiaries	-	-	109,019	104,989
Loans and receivables	93,698	92,410	-	-
Financial assets at fair value through profit or loss	55,186	54,867	55,186	54,867
	159,101	156,670	164,205	159,856
Current assets				
Cash and cash equivalents	39,413	20,346	39,299	17,668
Available-for-sale financial assets	74,836	102,983	58,911	85,310
Intercompany receivables	-	-	10,974	8,345
Other assets	3,007	1,063	2,948	991
	117,256	124,392	112,132	112,314
Total Assets	276,357	281,062	276,337	272,170
LIABILITIES				
Other liabilities	19,768	11,317	19,748	2,425
Total Liabilities	19,768	11,317	19,748	2,425
Net assets attributable to shareholders	256,589	269,745	256,589	269,745
EQUITY				
Share capital	502,870	502,870	502,870	502,870
Capital reserve	(65,846)	(65,846)	(65,846)	(65,846)
Available-for-sale financial assets revaluation reserve	16,460	19,652	1,703	3,392
Translation reserve	1,475	1,743	-	-
Accumulated losses	(198,370)	(188,674)	(182,138)	(170,671)
Total Equity	256,589	269,745	256,589	269,745
Net asset value per share (S$ per share)	0.215	0.226	0.215	0.226

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Quarter ended 31 Mar 14 S$'000	Group Year to date 31 Mar 14 S$'000	Group Quarter ended 31 Mar 13 S$'000	Group Year to date 31 Mar 13 S$'000
Cash flows from operating activities				
Operating costs paid	(2,955)	(2,955)	(1,345)	(1,345)
Interest income received	3,558	3,558	2,718	2,718
Dividend income received	558	558	204	204
Rental income received	-	-	1,191	1,191
Other income received	-	-	191	191
Income tax paid	(103)	(103)	(111)	(111)
Net cash inflow from operating activities	1,058	1,058	2,848	2,848
Cash flows from investing activities				
Purchase of financial assets	(18,394)	(18,394)	(39,421)	(39,421)
Loan repayments received	423	423	291	291
Proceeds from disposal of financial assets	35,870	35,870	29,150	29,150
Net cash inflow/(outflow) from investing activities	17,899	17,899	(9,980)	(9,980)
Cash flows from financing activities				
Net repayments of borrowings	-	-	(514)	(514)
Borrowing costs paid	-	-	(265)	(265)
Net cash outflow from financing activities	-	-	(779)	(779)
Net increase/(decrease) in cash and cash equivalents	18,957	18,957	(7,911)	(7,911)
Cash and cash equivalents at beginning of period	20,346	20,346	24,508	24,508
Effects of exchange rate changes on cash and cash equivalents	110	110	77	77
Cash and cash equivalents at end of period	39,413	39,413	16,674	16,674

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity of the Group for the quarter ended 31 March 2014	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 2014	502,870	(65,846)	19,652	1,743	(188,674)	269,745
Total comprehensive income for the 1st quarter ended 31 March 2014	-	-	(3,192)	(268)	8,184	4,724
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(17,880)	(17,880)
Total equity at 31 March 2014	502,870	(65,846)	16,460	1,475	(198,370)	256,589

Changes in shareholders' equity of the Group for the quarter ended 31 March 2013	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 2013	450,433	(65,846)	19,301	(2,546)	(211,258)	190,084
Total comprehensive income for the 1st quarter ended 31 March 2013	-	-	145	1,927	9,764	11,836
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(6,190)	(6,190)
Total equity at 31 March 2013	450,433	(65,846)	19,446	(619)	(207,684)	195,730

[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 ended 31 March 2014	Share capital S$'000	Capital reserve[1] S$'000	Available-for-sale financial assets revaluation reserve S$'000	Accumulated losses S$'000	Total S$'000
Total equity at 1 January 2014	502,870	(65,846)	3,392	(170,671)	269,745
Total comprehensive income for the 1st quarter ended 31 March 2014	-	-	(1,689)	6,413	4,724
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(17,880)	(17,880)
Total equity at 31 March 2014	502,870	(65,846)	1,703	(182,138)	256,589

Changes in shareholders' equity of the Company for the quarter ended 31 March 2013	Share capital S$'000	Capital Reserve[1] S$'000	Available-for-sale financial assets revaluation reserve S$'000	Accumulated losses S$'000	Total S$'000
Total equity at 1 January 2013	450,433	(65,846)	2,773	(197,276)	190,084
Total comprehensive income for the 1st quarter ended 31 March 2013	-	-	946	10,890	11,836
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(6,190)	(6,190)
Total equity at 31 March 2013	450,433	(65,846)	3,719	(192,576)	195,730

1. Refer to note on page 9

ACCOUNTING POLICIES APPLICATION

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

DIVIDENDS

No dividend has been declared in respect of the current period and the same period last year.

CHANGES IN SHARE CAPITAL

There is no movement in the number of issued and fully paid-up ordinary shares for the first quarter ended 31 March 2014.

Pursuant to the Scrip Dividend Scheme ("the Scheme") announced on 7 February 2014, on 16 April 2014 the Company issued and allotted 90,304,464 new ordinary shares in the capital of the Company to eligible shareholders who had elected to participate in the Scheme. The issue price of each new ordinary share is 13 Singapore cents.

NET ASSET VALUE

	Group As at 31 Mar 14	Company As at 31 Mar 14	Group As at 31 Dec 13	Company As at 31 Dec 13
Total net asset value (S$'000)	256,589	256,589	269,745	269,745
Total number of ordinary shares in issue used in calculation of net asset value per share ('000)	1,191,983	1,191,983	1,191,983	1,191,983
Net asset value per ordinary share (S$ per share)	0.215	0.215	0.226*	0.226*

Net asset value per ordinary share is derived by dividing the net assets as disclosed in the statement of financial position of the Company and the Group by the number of ordinary shares in issue as at the end of the accounting period.

* The net asset value per share of the Group as at 31 March 2014 was 21.5 Singapore cents. If the FY2013 dividend was declared in FY2013 instead of in FY2014, the net asset value per share as at 31 December 2013 would have been 21.1 Singapore cents instead of 22.6 Singapore cents per share and the increase in net asset value per share would be 1.9% for the period ended 31 March 2014.

EARNINGS PER SHARE

	Group Quarter ended 31 Mar 14	Group Year to date 31 Mar 14	Group Quarter ended 31 Mar 13 (Restated)	Group Year to date 31 Mar 13 (Restated)
Basic earnings per share				
Earnings used in calculation of basic earnings per share (S$'000)	8,184	8,184	9,764	9,764
Weighted average number of shares in issue used in calculation of basic earnings per share ('000)	1,191,983	1,191,983	852,109	852,109
Basic earnings per share (cents per share)	0.69	0.69	1.18	1.18
Diluted earnings per share				
Earnings used in calculation of diluted earnings per share (S$'000)	8,184	8,184	9,764	9,764
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	1,191,983	1,191,983	852,109	852,109
Diluted earnings per share (cents per share) [1]	0.69	0.69	1.15	1.15

[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 the attention of the Board of Directors of the Company which may render the financial statements for the quarter ended 31 March 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

Boon Swan Foo
Chairman
6 May 2014

Jason See Yong Kiat
Manager Nominated Director
6 May 2014