Global Investments Limited

2014 Half Year Results

Period ended 30 June 2014

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1. **Key Financial Data for 1H 2014**
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Key Financial Data for 1H 2014

	1H 2014	1H 2013	Change (%)	Remarks
Net Profit After Tax	S$16.8 million	S$18.8 million	(10.5%)	The 10.5% decline in net profit after tax was mainly due to the lower revenue offset partially by lower expenses.
Total Revenue	S$15.7 million	S$23.5 million	(33.3%)	The lower revenue for 1H 2014 was mainly due to the absence of the S$7.0 million gain arising from the redelivery and sale of the two aircraft. The absence of rental income following the sale of the aircraft further contributed to the drop of S$1.6 million in revenue. The decline in revenue was cushioned by higher dividend and interest income, foreign exchange gains and fair value gains from financial assets designated as fair value through profit and loss.
Total Expenses	S$1.9 million	S$5.5 million	(66.1%)	Decrease in expenses was mainly due to the absence of foreign exchange losses in the current period as well as the absence of depreciation and finance costs following the sale of the two aircraft.
Net Asset Value per Share (in Singapore cents)	21.5 (as at 30 June 2014)	24.5 (as at 30 June 2013) 19.6 (after adjustment for the completion of the rights issue and dividend paid)	9.7%	If the rights issue had been completed and the 2013 dividend had been paid before 30 June 2013, the net asset value per share as at 30 June 2013 would have been 19.6 Singapore cents and not 24.5 Singapore cents and the increase in net asset value per share as at 30 June 2014 would have been 9.7% for the 1 year period.
Interim Dividend	S$9.6 million	N.A. (dividend was paid annually instead of semi-annually)	-	The Company is declaring a 2014 interim dividend of 0.75 Singapore cents per share in respect of the period from 1 January 2014 to 30 June 2014.

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Statement of Financial Position

	Group as at 30 June 2014 S$'000	Group as at 31 December 2013 S$'000	Change S$'000
Assets			
Cash and cash equivalents	26,737	20,346	6,391
Financial assets at fair value through profit or loss	59,840	54,867	4,973
Available-for-sale financial assets	88,146	102,983	(14,837)
Loans and receivables	90,608	92,410	(1,802)
Investment in associate	10,503	9,393	1,110
Other assets	1,299	1,063	236
Total Assets	**277,133**	**281,062**	(3,929)
Liabilities			
Other liabilities	1,659	11,317	(9,658)
Total Liabilities	**1,659**	**11,317**	(9,658)
Net assets attributable to shareholders	**275,474**	**269,745**	**5,729**
Shareholders equity	**275,474**	**269,745**	**5,729**
Net asset value per share (in cents)	**21.5**	**22.6[1]**	**(1.1)**

[1] 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 and the increase in net asset value per share would be 4.4% for the half year ended 30 June 2014.

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Consolidated Statement of Comprehensive Income

Income Statement	Group for the half year ended 30 Jun 14 S$'000	Group for the half year ended 30 Jun 13 S$'000	Change S$'000
Revenue			
Dividend income	1,768	1,287	481
Interest income	8,157	6,313	1,844
Rental income	-	1,577	(1,577)
Net foreign exchange gains	1,276	-	1,276
Net gain on sale of investments	3,247	10,834	(7,587)
Net gain/ (loss) on financial assets designated as fair value through profit or loss	1,221	(300)	1,521
Other income	-	3,797	(3,797)
Total Revenue	**15,669**	**23,508**	**(7,839)**
Expenses			
Management fees	(879)	(653)	(226)
Incentive fees	9	-	9
Net foreign exchange losses	-	(3,100)	3,100
Depreciation	-	(429)	429
Finance costs	(1)	(445)	444
Other operating expenses	(1,009)	(911)	(98)
Total Expenses	**(1,880)**	**(5,538)**	**3,658**
Net reversal of impairment	1,204	-	1,204
Share of profit of associate (net of tax)	2,183	1,063	1,120
Profit before tax	**17,176**	**19,033**	**(1,857)**
Income tax expense	(367)	(256)	(111)
Profit after tax	**16,809**	**18,777**	**(1,968)**
Other comprehensive (loss)/income **Items that may be reclassified subsequently to profit or loss**			
Available-for-sale financial assets			
- Fair value gains/(loss)	1,878	5,402	(3,524)
- Reclassification to profit or loss	(5,551)	(7,838)	2,287
Currency translation differences arising from consolidation - (Losses)/gains	(1,266)	4,347	(5,613)
Other comprehensive (loss)/income for the period after tax	**(4,939)**	**1,911**	**(6,850)**
Total comprehensive income for the period attributable to shareholders	**11,870**	**20,688**	**(8,818)**
Basic earnings per share (cents per share)	**1.37[1]**	**2.24[2]**	**(0.87)**
Diluted earnings per share (cents per share)	**1.37[1]**	**2.24[2]**	**(0.87)**

[1] Earnings per share of 1.37 Singapore cents is computed based on weighted average number of shares of 1,230.40 million after taking into account the additional shares issued pursuant to the rights issue in July 2013 and the Scrip Dividend Scheme for the half year ended 30 June 2014.

[2] Earnings per share of 2.24 Singapore cents is computed based on weighted average number of shares of 836.85 million for the half year ended 30 June 2013.

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2. 2014 Half Year Overview

❑ Scrip Dividend Scheme

- ❑ On 7 February 2014, the Company announced that the Scrip Dividend Scheme will be applied to the dividend of 1.5 Singapore cents per share for FY 2013.
- ❑ The Company allotted and issued 90,304,464 new ordinary shares at an issue price of 13.00 Singapore cents for each new share.
- ❑ The proportion of the total dividend amount issued as new shares pursuant to the Scrip Dividend Scheme was approximately 65.66%
- ❑ New shares were listed on 16 April 2014.

❑ 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.

2. 2014 Half Year Overview

❑ 1H 2014 Dividend Distribution

- ❑ On 6 May 2013, the Company announced that it had changed its dividend distribution frequency from semi-annual to annual basis due to the increase in listing fees from S$5,000 to S$30,000. Subsequent to the Company's announcement on 6 May 2013, the SGX granted certain waivers to its revised listing fees such that the revised listing fees of S$30,000 would not be charged on a per issue basis but would cover up to 6 separate issuances of shares during a calendar year. In view of the waivers granted by the SGX on the listing fees and after reviewing the 1H 2014 financial results of the Company, the Company has decided to revert its dividend distribution frequency to semi-annual basis.
- ❑ Interim dividend of 0.75 Singapore cents per share is declared on 8 August 2014.
- ❑ The Scrip Dividend Scheme will be applied to the interim dividend of 0.75 Singapore cents per share for 1H 2014.

2. 2014 Half Year Overview

❑ 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.

❑ Investment Activities

- ❑ The Company divested its equity positions in the Japanese market during 1H 2014. As at 30 June 2014, the carrying value of the listed equity portfolio was S$77.31 million compared to S$95.77 million as at 31 December 2013. During 1H 2014, the listed equity portfolio generated approximately S$3.25 million in realised profits and dividend income of approximately S$1.74 million. As at 30 June 2014, the cumulative fair value gain was S$6.56 million.
- ❑ As at 30 June 2014, the carrying value of the bond portfolio was S$64.67 million, up from S$59.76 million as at 31 December 2013 due to new acquisition.

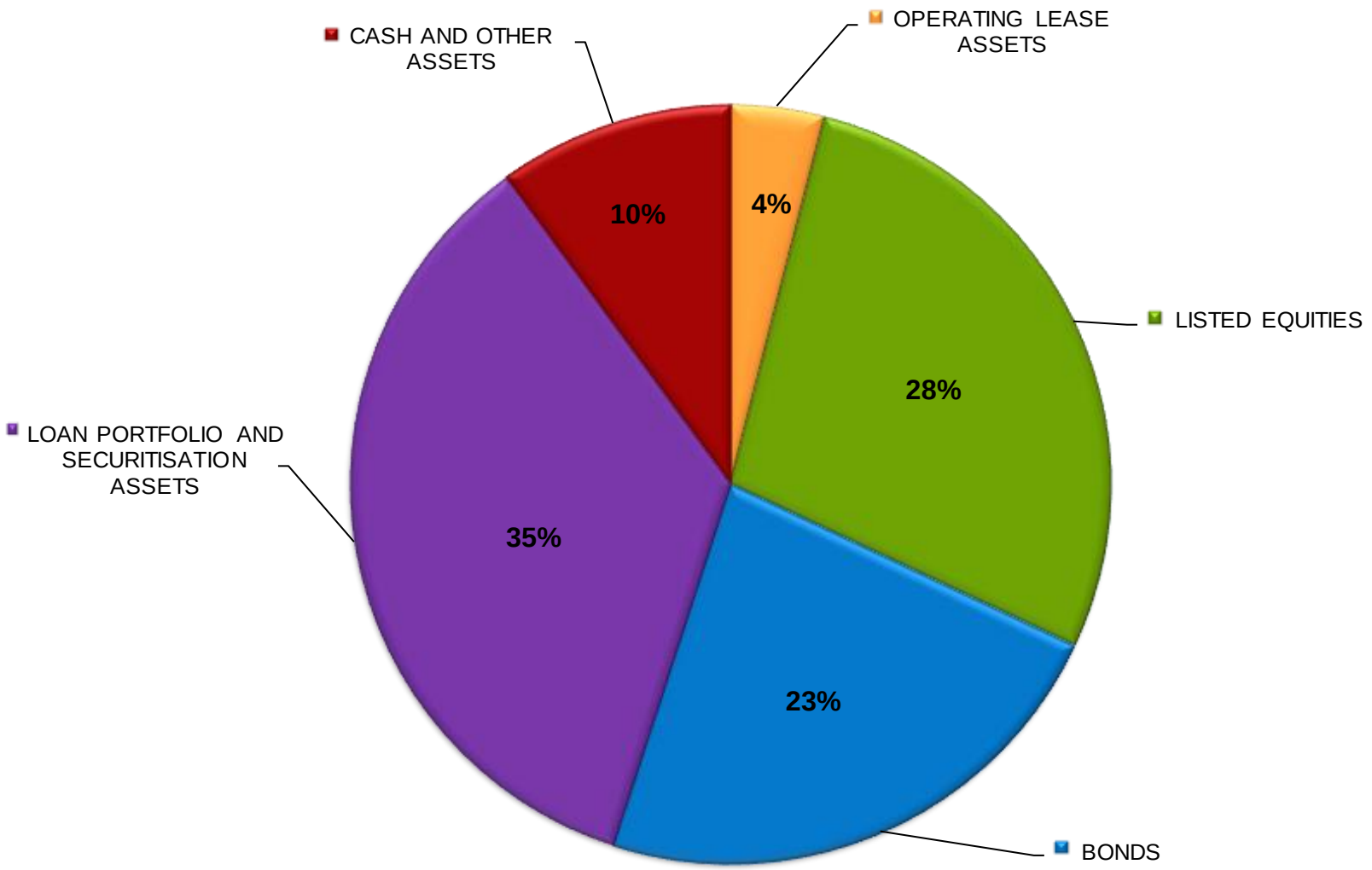
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3. Portfolio Composition as at 30 June 2014

- By Carrying Value



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4. Sector Outlook

Rail

- A return to sluggish growth in the Eurozone and a drop in demand for freight transport continues to put pressure on lease rates for freight equipment and rail freight volumes. Lease rates are subject to volatility, and lease terms continue to be short duration (12 months or less) reflecting underlying softness in market demand.
- The demand outlook has been revised downwards from earlier expectations of a slight pickup in 1Q 2014, and will remain challenging for the second half of 2014.

Residential

- Housing prices in Australia capital cities increased by 3.5% in the first quarter of 2014 but declined by 0.1% in the second quarter. Unemployment rate increased slightly by 0.2 percentage points to 6.0%.
- Record high numbers of home building approvals in Australia in the 12 months to May 2014 will see sharp rises in construction of new dwellings in the coming quarters, putting downward pressure on price growth.
- Low interest rates are expected to continue in the near term, which will support housing loan affordability.

4. Sector Outlook

Corporate Loans

- On the back of reduced supply of leveraged loans and strong demand from CLOs, prices of global corporate loans continued their rally in 2Q 2014.
- The Moody's Global Speculative-Grade Corporate Default Rate decreased by 0.1 percentage points over the quarter to finish 2Q 2014 at 2.2%. Citing stable credit conditions supported by robust liquidity, Moody's expects global corporate default rates to end 2014 lower at 2%.

Listed Equities and Bonds

- Global liquidity conditions remain supportive for asset prices as central banks in major economies continue to maintain their monetary stimuli amid mixed economic data and concerns over persistent low inflation in the global economy. Investors have been encouraged by dovish remarks not only from the US Federal Reserve, but also the European Central Bank and the Bank of Japan on the need to continue maintaining quantitative easing policies for a considerable period of time so as to create an environment conducive for sustainable economic growth.
- However, the recent crash of a Malaysian Airlines plane in Ukraine has raised the geopolitical risk in the short term with investors shifting attention to possible fallouts from the incident. Tension between Russia and the West has risen as stronger trade sanctions against Russia are mooted. The rising violence in the Middle East with no signs of abating could also pose risks to the financial markets. In the midst of geopolitical concerns, there may be higher volatility in the market in the near term.

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 with focus to protect capital and grow value.

❑ Investment Objective

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