



GLOBAL INVACOM GROUP LIMITED

(Incorporated in Singapore)
 (Company Registration Number 200202428H)
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HALF-YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2014

DMG & Partners Securities Pte Ltd ("DMG") was the financial adviser to Global Invacom Group Limited in relation to the acquisition of Global Invacom Holdings Limited. DMG assumes no responsibility for the contents of this announcement.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income for the 6 months ended 30 June 2014. These figures have not been audited.

	Group		Increase/ (Decrease) %
	1H FY2014 US\$'000	1H FY2013 US\$'000	
Revenue	69,834	55,306	26.3
Cost of sales	(52,447)	(42,721)	22.8
Gross profit	17,387	12,585	38.2
Other income	51	216	(76.4)
Distribution costs	(120)	(89)	34.8
Administrative expenses	(12,619)	(9,272)	36.1
Other operating expenses	(437)	(4)	N.M.
Finance income	5	27	(81.5)
Finance costs	-	(3)	N.M.
Profit before income tax⁽ⁱ⁾	4,267	3,460	23.3
Income tax expense	(616)	(70)	780.0
Profit after income tax attributable to equity holders of the Company	3,651	3,390	7.7

Other comprehensive income/(loss):

Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translation of foreign operations	224	(641)	N.M.
Items that may not be reclassified subsequently to profit or loss	-	-	-
Other comprehensive income/(loss) for the period, net of tax	224	(641)	N.M.
Total comprehensive income for the period attributable to equity holders of the Company	3,875	2,749	41.0

N.M.: Not Meaningful

Note:

(i) Profit before income tax was determined after (charging)/crediting the following:

	Group		
	1H FY2014	1H FY2013	Increase/
	US\$'000	US\$'000	(Decrease)
			%
Other Income	51	18	183.3
Gain on disposal of property, plant and equipment	-	26	N.M.
Interest income	5	27	(81.5)
Interest expense on borrowings	-	(3)	N.M.
(Loss)/Gain on foreign exchange	(229)	172	N.M.
Loss on de-registration of subsidiary	(208)	-	N.M.
Depreciation of property, plant and equipment	(907)	(691)	31.3
Amortisation of intangible assets	(193)	-	N.M.
Operating lease expense	(906)	(871)	4.0
Research and development expense	(127)	(186)	(31.7)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Jun 2014 US\$'000	31 Dec 2013 US\$'000	30 Jun 2014 US\$'000	31 Dec 2013 US\$'000
ASSETS				
Non-current Assets				
Property, plant and equipment	11,142	10,800	11	14
Investments in subsidiaries	-	-	50,176	49,459
Goodwill	3,260	3,260	-	-
Intangible assets	3,661	3,124	66	65
Available-for-sale financial assets	8	8	-	-
Other receivables and prepayments	-	-	8,850	8,391
	<u>18,071</u>	<u>17,192</u>	<u>59,103</u>	<u>57,929</u>
Current Assets				
Due from subsidiaries	-	-	1,920	2,789
Inventories	29,208	25,833	-	-
Trade receivables	21,322	19,156	-	-
Other receivables and prepayments	2,888	2,499	2,127	1,970
Cash and cash equivalents	14,786	14,662	446	492
	<u>68,204</u>	<u>62,150</u>	<u>4,493</u>	<u>5,251</u>
Total assets	<u>86,275</u>	<u>79,342</u>	<u>63,596</u>	<u>63,180</u>
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Share capital	45,166	45,161	58,983	58,978
Reserves	2,625	(369)	(7,399)	(6,778)
Total equity	<u>47,791</u>	<u>44,792</u>	<u>51,584</u>	<u>52,200</u>
Non-current Liabilities				
Other payables	5,440	5,367	5,440	5,367
Deferred taxation	623	621	-	-
	<u>6,063</u>	<u>5,988</u>	<u>5,440</u>	<u>5,367</u>
Current Liabilities				
Trade payables	19,295	16,204	-	-
Other payables	11,738	11,217	6,493	5,535
Borrowings	472	128	-	-
Provision for income tax	916	1,013	79	78
	<u>32,421</u>	<u>28,562</u>	<u>6,572</u>	<u>5,613</u>
Total liabilities	<u>38,484</u>	<u>34,550</u>	<u>12,012</u>	<u>10,980</u>
Total equity and liabilities	<u>86,275</u>	<u>79,342</u>	<u>63,596</u>	<u>63,180</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 Jun 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
472	-	128	-

Amount repayable after one year

As at 30 Jun 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Details of any collateral

The secured loan of US\$472,000 was secured over a subsidiary's bank deposits of US\$400,000.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1H FY2014 US\$'000	1H FY2013 US\$'000
Cash Flows from Operating Activities		
Profit before income tax	4,267	3,460
Adjustments for:		
Depreciation of property, plant and equipment	907	691
Amortisation of intangible assets	193	-
Loss on de-registration of subsidiary	208	-
Unrealised exchange loss/(gain)	307	(286)
Gain on disposal of property, plant and equipment	-	(26)
Interest income	(5)	(27)
Interest expense	-	3
Share awards	5	-
Share-based payments	44	-
Operating cash flow before working capital changes	5,926	3,815
Changes in working capital:		
Inventories	(3,371)	835
Trade receivables	(2,117)	859
Other receivables and prepayments	(464)	1,456
Trade and other payables	3,034	(1,298)
Cash generated from operating activities	3,008	5,667
Interest paid	-	(3)
Income tax (paid)/refund	(187)	452
Net cash generated from operating activities	2,821	6,116
Cash Flows from Investing Activities		
Interest received	5	27
Purchase of property, plant and equipment	(1,261)	(624)
Proceeds from disposal of property, plant and equipment	-	26
Increased in capitalised development cost	(729)	(421)
Net cash used in investing activities	(1,985)	(992)
Cash Flows from Financing Activities		
Proceeds from borrowings	472	246
Repayment of borrowings	(128)	(662)
Dividends paid	(925)	-
Decrease in restricted cash	315	1,972
Net cash (used in)/generated from financing activities	(266)	1,556
Net increase in cash and cash equivalents	570	6,680
Cash and cash equivalents at the beginning of the year	13,752	17,902
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(131)	(566)
Cash and cash equivalents at the end of the period⁽ⁱ⁾	14,191	24,016

Note:

- (i) For the purpose of presentation in the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	1H FY2014 US\$'000	1H FY2013 US\$'000
Cash and bank balances	14,191	24,016
Fixed deposits	595	959
	<hr/>	<hr/>
	14,786	24,975
Less: Restricted cash*	(595)	(959)
	<hr/>	<hr/>
Cash and cash equivalents per the consolidated statement of cash flows	14,191	24,016

* Restricted cash includes fixed deposits amounted to US\$400,000 pledged with the banks for facilities and loans granted to the Group. As at 30 June 2014, the Group had utilised US\$472,000 of the facilities and loans granted.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital US\$'000	Merger reserves US\$'000	Capital redemption reserves US\$'000	Share options reserve US\$'000	Capital reserve US\$'000	Foreign currency translation reserve US\$'000	Retained profits US\$'000	Total US\$'000
Balance as at 1 Jan 2014	45,161	(10,150)	6	43	555	455	8,722	44,792
Share awards	5	-	-	-	-	-	-	5
Share-based payments	-	-	-	44	-	-	-	44
Payment of dividends	-	-	-	-	-	-	(925)	(925)
Profit for the period	-	-	-	-	-	-	3,651	3,651
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	224	-	224
Total other comprehensive income for the period	-	-	-	-	-	224	3,651	3,875
Balance as at 30 Jun 2014	45,166	(10,150)	6	87	555	679	11,448	47,791
Balance as at 1 Jan 2013	44,174	(10,150)	6	-	555	710	684	35,979
Issuance of shares	1,942	-	-	-	-	-	-	1,942
Profit for the period	-	-	-	-	-	-	3,390	3,390
Other comprehensive loss:								
Exchange differences on translating foreign operations	-	-	-	-	-	(641)	-	(641)
Total comprehensive income for the period	-	-	-	-	-	(641)	3,390	2,749
Balance as at 30 Jun 2013	46,116	(10,150)	6	-	555	69	4,074	40,670

Company	Share capital US\$'000	Share options reserve US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 Jan 2014	58,978	43	4,620	(11,441)	52,200
Share awards	5	-	-	-	5
Share-based payments	-	44	-	-	44
Payment of dividends	-	-	-	(925)	(925)
Loss for the period	-	-	-	(435)	(435)
Other comprehensive income:					
Exchange differences on translating foreign operations	-	-	695	-	695
Total comprehensive income for the period	-	-	695	(435)	260
Balance as at 30 Jun 2014	58,983	87	5,315	(12,801)	51,584
Balance as at 1 Jan 2013	57,991	-	5,673	(42,325)	21,339
Issuance of shares	1,942	-	-	-	1,942
Loss for the period	-	-	-	(534)	(534)
Other comprehensive loss:					
Exchange differences on translating foreign operations	-	-	(716)	-	(716)
Total comprehensive loss for the period	-	-	(716)	(534)	(1,250)
Balance as at 30 Jun 2013	59,933	-	4,957	(42,859)	22,031

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1H FY2014	No. of shares	US\$'000
Balance as at 1 Jan 2014	231,802,299	58,978
Issuance of share awards	30,000	5
Balance as at 30 Jun 2014	<u>231,832,299</u>	<u>58,983</u>

1H FY2013	No. of shares	US\$'000
Balance as at 1 Jan 2013	229,997,035	57,991
Consideration shares issued pursuant to the acquisition of the entire equity interest in The Waveguide Solution Limited	7,805,264	1,942
Balance as at 30 Jun 2013	<u>237,802,299</u>	<u>59,933</u>

There were 5,970,000 treasury shares held by the Company as at 30 June 2014 and none as at 30 June 2013.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30 Jun 2014	31 Dec 2013
Total number of issued shares excluding treasury shares	231,832,299	231,802,299

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

1H FY2014	No. of shares	US\$'000
Balance as at 1 Jan 2014	6,000,000	955
Issuance of share awards	(30,000)	(5)
Balance as at 30 Jun 2014	<u>5,970,000</u>	<u>950</u>

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation have been applied consistently for the current financial period ended 30 June 2014 as those used in the audited financial statements for the year ended 31 December 2013, except for the adoption of the new or revised International Financial Reporting Standards ("IFRS") applicable for the financial period beginning 1 January 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new or revised IFRS does not have any financial impact on the Group's financial position or results.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share of the Group, after deducting any provision for preference dividends	Group	
	1H FY2014 US\$	1H FY2013 US\$
(a) Based on weighted average number of ordinary shares on issue; and	1.58 cents	1.44 cents
(b) On a fully diluted basis	1.56 cents	1.44 cents
Weighted average number of ordinary shares used in computation of basic earnings per share	231,803,625	235,258,042
Weighted average number of ordinary shares used in computation of diluted earnings per share	234,434,003	235,258,042

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 Jun 2014 US\$	31 Dec 2013 US\$	30 Jun 2014 US\$	31 Dec 2013 US\$
Net asset value ("NAV") per ordinary share based on issued share capital	20.61 cents	19.32 cents	22.25 cents	22.52 cents
Total number of issued shares	231,832,299	231,802,299	231,832,299	231,802,299

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Financial Performance

Revenue

The Group's revenue increased by US\$14.5 million, or 26.3%, to US\$69.8 million in 1H FY2014 from US\$55.3 million in 1H FY2013. This improvement included increased orders from a major customer in the United States and the recognition of a US\$7.4 million contribution from Global Invacom Manufacturing (UK) Limited ("GIML") whose revenue has increased since its acquisition in November 2013. The Group's Contract Manufacturing segment also achieved increased revenues of US\$4.8 million after it received additional subcontract assembly work from an established customer.

Geographically, revenue from the America, Europe and the Rest of the World regions rose by US\$14.7 million (59.5%), US\$5.2 million (41.1%) and US\$5.5 million (227.3%), respectively, but declined in the Asia market by US\$10.9 million (70.9%). The like-for-like revenue fall in Asia was expected after completing a large delivery to a major new customer during 1H FY2013. The customer had inventory cover at the end of 2013 which affected sales in the first quarter of the year. The Group can report that it experienced a return of sales in the second quarter.

Gross Profit

Gross profit increased by US\$4.8 million or 38.2% to US\$17.4 million in 1H FY2014 from US\$12.6 million in 1H FY2013, outpacing revenue growth. Gross profit margin improved to 24.9% in 1H FY2014 from 22.8% in 1H FY2013 due to the absence of residual costs in Q1 FY2013 following the results in FY2012.

Administrative Expenses

Administrative expenses increased by US\$3.3 million or 36.1% to US\$12.6 million in 1H FY2014 from US\$9.3 million in 1H FY2013, representing 18.1% and 16.8% of revenue, respectively. This is attributed to the US\$1.2 million one-off professional fees in conjunction with the AIM Market of the London Stock Exchange ("AIM") listing and the manpower and expenses of US\$1.1 million from GIML, acquired in November 2013. The Group incurred higher development costs for new products with two major customers, including hiring more RF design and production engineers. This will position the Group better with these customers for their next-generation of products.

Other Operating Expenses

Other operating expenses increased on a like-for-like period basis, mainly attributable to foreign exchange loss due to the weakening of the Renminbi against the US Dollar and the translation loss on disposal of a subsidiary.

Profit before Tax

The Group's profit before tax increased by US\$0.8 million, or 23.3%, to US\$4.3 million in 1H FY2014 from US\$3.5 million in 1H FY2013 giving a margin of 6.1% compared to 6.3% respectively.

Excluding the US\$1.2 million one-off professional fees, the Group would have recorded a profit before tax of US\$5.5 million in 1H FY2014 with a margin of 7.9%.

Taxation

Due to increased taxable profits from all subsidiaries and the absence of a 2013 deduction in FY2014, income tax expense increased to US\$616,000 in 1H FY2014 from US\$70,000 in 1H FY2013.

Net Profit

Overall, the Group's net profit improved to US\$3.7 million in 1H FY2014 from US\$3.4 million in 1H FY2013, while net profit margin decreased to 5.2% compared to 6.1%, respectively.

Excluding the US\$1.2 million one-off professional fees, the Group would have recorded a net profit of US\$4.9 million in 1H FY2014 with a net profit margin of 7.0%.

Review of Financial Position

Non-current assets increased by US\$0.9 million to US\$18.1 million as at 30 June 2014 from US\$17.2 million as at 31 December 2013. The net increase was mainly attributable to the continued investment in new machinery and equipment to improve efficiency, reduce manufacturing costs and support the development of new products by its subsidiaries in China, Malaysia and United Kingdom, coupled with the increase in capitalised development cost in United Kingdom.

Net current assets increased by US\$2.2 million to US\$35.8 million as at 30 June 2014 from US\$33.6 million as at 31 December 2013. Inventories increased by US\$3.4 million to US\$29.2 million, predominantly due to processes underway to improve customer support at the Group's US warehousing site. In addition, one of the Group's customers implemented structural changes to its operations during the period which affected its ordering process at the time. Trade and other receivables rose by US\$2.6 million to US\$24.2 million due to timing delays on payments and cash and cash equivalents rose by US\$0.1 million to US\$14.8 million. This was offset by the increase in trade and other payables by US\$3.6 million to US\$31.0 million and borrowings by US\$0.3 million to US\$0.5 million.

Non-current liabilities remained constant at US\$6.1 million as at 30 June 2014.

Overall, the net asset value of the Group strengthened by US\$3.0 million to US\$47.8 million as at 30 June 2014 from US\$44.8 million as at 31 December 2013, bringing the reserve balance to a positive of US\$2.6 million.

Review of Cash Flows

Net cash generated from operating activities during the period was US\$2.8 million, comprising cash flow from operating cash activities before working capital changes of US\$5.9 million, net working capital outflow of US\$2.9 million and payment of income tax expense of US\$0.2 million.

Net cash used in investing activities was US\$2.0 million, mainly attributable to the purchase of machinery and equipment and increase in capitalised development cost.

Net cash used in financing activities was US\$0.3 million, arising from the payment of dividends, offset by the decrease in restricted cash and proceeds from borrowings.

Overall, the Group generated a net increase in cash and cash equivalents of US\$0.6 million in 1H FY2014, bringing cash and cash equivalents per the consolidated statement of cash flows to US\$14.2 million as at 30 June 2014.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

In line with the earlier guidance on the last results announcement made by the Company on 27 February 2014 that "the Board of Directors expects the financial performance in FY2014 to remain profitable", the Group's 1H FY2014 results have shown profitability in both earnings and margins.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Satellite Communications (“Sat Comms”) industry continues to see healthy growth buoyed by the emergence of new technologies such as UltraHD and Digital Chanel Stacking (DCS). There is also significant impact from the increased demand for HD content globally leading to a rising number of content distribution channels, which is driving growth in the industry through a higher demand for ground equipment.

At the same time, the Sat Comms industry has experienced further consolidation activity in recent months as witnessed in the proposed acquisitions of two European pay TV providers. This is expected to lead to a preference for integrated Sat Comm equipment players with a value proposition that combines research and development and a global manufacturing footprint, which Global Invacom possesses.

To capitalise on these growth opportunities, the Group's shares were admitted to trading on AIM on 2 July 2014, with a concurrent placing raising gross proceeds of US\$15.0 million (S\$18.7 million). The proceeds will be used for business expansion and general corporate working capital purposes. The AIM listing will also raise the Group's international profile which will better position the Company for business prospects in Europe and elsewhere.

In line with its long term growth strategy, the Group continues to monitor the market for acquisition opportunities to further expand its suite of capabilities through new technologies, new territories, new broadcasters or a combination of all. Coupled with the increasing technology and customer-related barriers to entry in the Sat Comms market, the Group is confident of strengthening its position as a leading global Sat Comms player.

Barring any unforeseen circumstances, the Board of Directors expects the financial performance in FY2014 to remain profitable.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the 6 months ended 30 June 2014.

13. **If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPTs mandate has been obtained, a statement to that effect.**

The Company does not have a shareholders’ mandate for IPTs and there were no IPTs for the 6 months ended 30 June 2014.

CONFIRMATION BY THE BOARD OF DIRECTORS (THE “BOARD”) PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We do hereby confirm, for and on behalf of the Board of Global Invacom Group Limited (the “Company”), that to the best of our knowledge, nothing has come to the attention of the Board of the Company which may render the financial results for the six months ended 30 June 2014 to be false or misleading in any material aspect.

On behalf of the Board

Anthony Brian Taylor
Director

Matthew Jonathan Garner
Director

BY ORDER OF THE BOARD
Anthony Brian Taylor
Chairman

14 August 2014