



global invacom
completing the picture

GLOBAL INVACOM GROUP LIMITED

(Incorporated in Singapore)

(Company Registration Number 200202428H)

8 Temasek Boulevard, #20-03 Suntec Tower Three, Singapore 038988

Tel: 68848270 Fax: 68848273 Website: www.globalinvacom.com

Q1 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

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 three months period ended 31 March 2016. These figures have not been audited.

	Group		
	Q1 FY2016	Q1 FY2015	Increase/ (Decrease)
	US\$'000	US\$'000	%
Revenue	30,758	27,037	13.8
Cost of sales	(25,079)	(21,190)	18.4
Gross profit	5,679	5,847	(2.9)
Other income	197	413	(52.3)
Distribution costs	(110)	(51)	115.7
Administrative expenses	(6,263)	(6,997)	(10.5)
Other operating expenses	-	(45)	(100.0)
Finance income	7	9	(22.2)
Finance costs	(140)	(5)	N.M.
Loss before income tax⁽ⁱ⁾	(630)	(829)	(24.0)
Income tax expense	(24)	(104)	(76.9)
Loss after income tax attributable to equity holders of the Company	(654)	(933)	(29.9)

Other comprehensive income:

Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translation of foreign subsidiaries	578	168	244.0
Items that may not be reclassified subsequently to profit or loss	-	-	-
Other comprehensive income for the period, net of tax	578	168	244.0
Total comprehensive loss for the period attributable to equity holders of the Company	(76)	(765)	(90.1)

N.M.: Not Meaningful

Note:

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

	Group		
	Q1 FY2016 US\$'000	Q1 FY2015 US\$'000	Increase/ (Decrease) %
Gain on foreign exchange	192	408	(52.9)
Interest income	7	9	(22.2)
Interest expense on borrowings	(140)	(5)	N.M.
Loss on disposal of property, plant and equipment	-	(45)	(100.0)
Depreciation of property, plant and equipment	(595)	(415)	43.4
Amortisation of intangible assets	(38)	(88)	(56.8)
Allowance for inventory obsolescence	(210)	-	N.M.
Operating lease expense	(842)	(429)	96.3
Research and development expense	(389)	(312)	24.7

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	
	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
ASSETS				
Non-current Assets				
Property, plant and equipment	14,109	13,896	-	1
Investments in subsidiaries	-	-	53,242	53,155
Goodwill	9,352	9,352	-	-
Intangible assets	3,111	3,069	-	-
Available-for-sale financial assets	8	8	-	-
Deferred tax assets	685	723	-	-
Other receivables and prepayments	56	56	8,090	8,262
	27,321	27,104	61,332	61,418
Current Assets				
Due from subsidiaries	-	-	111	139
Inventories	27,720	27,859	-	-
Trade receivables	17,009	21,306	-	-
Other receivables and prepayments	4,343	3,973	5,772	5,705
Tax receivables	459	431	-	-
Cash and cash equivalents	10,429	8,866	1,365	1,637
	59,960	62,435	7,248	7,481
Total assets	87,281	89,539	68,580	68,899
EQUITY AND LIABILITIES				
Equity				
Share capital	60,423	60,423	74,240	74,240
Treasury shares	(1,656)	(1,656)	(1,656)	(1,656)
Reserves	(4,294)	(4,305)	(11,642)	(11,202)
Total equity	54,473	54,462	60,942	61,382
Non-current Liabilities				
Other payables	944	1,333	-	-
Deferred tax liabilities	173	171	-	-
	1,117	1,504	-	-
Current Liabilities				
Due to subsidiaries	-	-	4,674	4,653
Trade payables	17,079	19,392	-	-
Other payables	7,653	8,524	2,879	2,779
Borrowings	6,872	5,348	-	-
Provision for income tax	87	309	85	85
	31,691	33,573	7,638	7,517
Total liabilities	32,808	35,077	7,638	7,517
Total equity and liabilities	87,281	89,539	68,580	68,899

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
6,872	-	5,348	-

Amount repayable after one year

As at 31 Mar 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Details of any collateral

The loans of US\$6,872,000 were secured over the cash collateral of US\$1,000,000 and corporate guarantees provided by the Company.

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	
	Q1 FY2016 US\$'000	Q1 FY2015 US\$'000
Cash Flows from Operating Activities		
Loss before income tax	(630)	(829)
Adjustments for:		
Depreciation of property, plant and equipment	595	415
Amortisation of intangible assets	38	88
Loss on disposal of property, plant and equipment	-	45
Allowance for inventory obsolescence	210	-
Unrealised exchange loss/(gain)	225	(21)
Interest income	(7)	(9)
Interest expense	140	5
Share-based payments	87	22
Operating cash flow before working capital changes	658	(284)
Changes in working capital:		
Inventories	(62)	1,621
Trade receivables	4,359	1,197
Other receivables and prepayments	(229)	(948)
Trade and other payables	(3,931)	(1,647)
Cash generated from/(used in) operating activities	795	(61)
Interest paid	(92)	(5)
Income tax paid	(255)	(181)
Net cash generated from/(used in) operating activities	448	(247)
Cash Flows from Investing Activities		
Interest received	7	6
Purchase of property, plant and equipment	(657)	(130)
Decrease in restricted cash	-	185
Net cash (used in)/generated from investing activities	(650)	61
Cash Flows from Financing Activities		
Proceeds from borrowings	12,881	-
Repayment of borrowings	(11,278)	-
Purchase of treasury shares	-	(3,424)
Net cash generated/(used in) from financing activities	1,603	(3,424)
Net increase/(decrease) in cash and cash equivalents	1,401	(3,610)
Cash and cash equivalents at the beginning of the period	7,448	20,555
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	162	(347)
Cash and cash equivalents at the end of the period⁽ⁱ⁾	9,011	16,598

Note:

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

	Q1 FY2016	Q1 FY2015
	US\$'000	US\$'000
Cash and bank balances	9,987	15,774
Fixed deposits	442	1,286
	10,429	17,060
Less: Restricted cash*	(1,418)	(462)
Cash and cash equivalents per the consolidated statement of cash flows	9,011	16,598

* Restricted cash includes cash collateral amounted to US\$1,000,000 (Q1 FY2015: Nil), fixed deposits amounted to US\$400,000 (Q1 FY2015: US\$400,000) and bank balance amounted to US\$6,000 (Q1 FY2015: US\$62,000) pledged with the banks for banker's guarantee and loans granted to the Group. As at 31 March 2016, the Group had utilised US\$6,872,000 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	Treasury shares 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 2016	60,423	(1,656)	(10,150)	6	353	(3,786)	(1,281)	10,553	54,462
Share-based payments	-	-	-	-	87	-	-	-	87
Loss for the period	-	-	-	-	-	-	-	(654)	(654)
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	578	-	578
Total other comprehensive loss for the period	-	-	-	-	-	-	578	(654)	(76)
Balance as at 31 Mar 2016	60,423	(1,656)	(10,150)	6	440	(3,786)	(703)	9,899	54,473
Balance as at 1 Jan 2015	60,423	(3,421)	(10,150)	6	131	642	(360)	12,812	60,083
Purchase of treasury shares	-	(3,424)	-	-	-	-	-	-	(3,424)
Share-based payments	-	-	-	-	22	-	-	-	22
Loss for the period	-	-	-	-	-	-	-	(933)	(933)
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	168	-	168
Total other comprehensive loss for the period	-	-	-	-	-	-	168	(933)	(765)
Balance as at 31 Mar 2015	60,423	(6,845)	(10,150)	6	153	642	(192)	11,879	55,916

Company	Share capital US\$'000	Treasury shares US\$'000	Share options reserve US\$'000	Capital reserve US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 Jan 2016	74,240	(1,656)	353	(4,481)	(2,067)	(5,007)	61,382
Share-based payments	-	-	87	-	-	-	87
Loss for the period	-	-	-	-	-	(527)	(527)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(527)	(527)
Balance as at 31 Mar 2016	74,240	(1,656)	440	(4,481)	(2,067)	(5,534)	60,942
Balance as at 1 Jan 2015	74,240	(3,421)	131	-	1,714	(11,046)	61,618
Purchase of treasury shares	-	(3,424)	-	-	-	-	(3,424)
Share-based payments	-	-	22	-	-	-	22
Loss for the period	-	-	-	-	-	(294)	(294)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	(2,296)	-	(2,296)
Total other comprehensive loss for the period	-	-	-	-	(2,296)	(294)	(2,590)
Balance as at 31 Mar 2015	74,240	(6,845)	153	-	(582)	(11,340)	55,626

- 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.

Q1 FY2016	No. of shares	US\$'000
Balance as at 1 Jan 2016 and 31 Mar 2016	271,662,227	72,584
Q1 FY2015	No. of shares	US\$'000
Balance as at 1 Jan 2015	269,059,299	70,819
Purchase of treasury shares	(11,610,000)	(3,424)
Balance as at 31 Mar 2015	257,449,299	67,395

There were 10,740,072 and 24,953,000 treasury shares held by the Company as at 31 March 2016 and 31 March 2015 respectively.

- 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.**

	31 Mar 2016	31 Dec 2015
Total number of issued shares excluding treasury shares	271,662,227	271,662,227

- 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.**

Q1 FY2016	No. of shares	US\$'000
Balance as at 1 Jan 2016 and 31 Mar 2016	10,740,072	1,656

- 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 31 March 2016 as those used in the audited financial statements for the year ended 31 December 2015, except for the adoption of the new or revised International Financial Reporting Standards ("IFRS") applicable for the financial period beginning 1 January 2016.

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 Group has adopted all of the new or revised IFRS that are effective for the financial period beginning 1 January 2016 and are relevant to its operations.

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	
	Q1 FY2016 US\$	Q1 FY2015 US\$
(a) Based on weighted average number of ordinary shares on issue; and	(0.24) cent	(0.36) cent
(b) On a fully diluted basis	(0.24) cent	(0.36) cent
Weighted average number of ordinary shares used in computation of basic earnings per share	271,662,227	259,540,188
Weighted average number of ordinary shares used in computation of diluted earnings per share	271,662,227	260,935,002

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	
	31 Mar 2016 US\$	31 Dec 2015 US\$	31 Mar 2016 US\$	31 Dec 2015 US\$
Net asset value ("NAV") per ordinary share based on issued share capital	20.05 cents	20.05 cents	22.43 cents	22.59 cents
Total number of issued shares	271,662,227	271,662,227	271,662,227	271,662,227

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\$3.7 million, or 13.8%, to US\$30.8 million in Q1 FY2016 from US\$27.0 million in Q1 FY2015. The Group recognised three months contribution of US\$11.5 million revenue in Q1 FY2016 from its latest acquisition, Satellite Acquisition Corporation ("Skyware Global"), headquartered in North Carolina, United States ("U.S."). The impact of the technology changes experienced during FY2015 continued to affect the Group's largest customer in America with revenues reduced by US\$5.1 million in Q1 FY2016. The Group also saw a reduction in its Contract Manufacturing segment of US\$2.0 million and in demand from its largest Malaysian customer against Q1 FY2015.

By geography, with the inclusion of Skyware Global, revenue for Q1 FY2016 from America and the Rest of the World increased by US\$5.0 million (+33.9%) and US\$0.9 million (+172.2%), respectively; this was offset by a fall in revenue from Europe and Asia by US\$1.4 million (-16.2%) and US\$0.8 million (-26.8%), respectively.

Gross Profit

Gross profit decreased marginally by US\$0.2 million or 2.9% to US\$5.7 million in Q1 FY2016 from US\$5.9 million in Q1 FY2015. Gross profit margin fell to 18.5% in Q1 FY2016 from 21.6% in Q1 FY2015. With the exclusion of Skyware Global, gross profit margin would have risen by 2.7% against Q1 FY2015 to 24.3% in Q1 FY2016. The reduction from the inclusion of Skyware Global recognises one-off costs in Q1 FY2016 following the acquisition and change in the management team and lower margins from an adverse product mix.

Other Income

Other income decreased by US\$0.2 million mainly attributable to the reduction in foreign exchange gain.

Distribution Costs

Distribution costs increased in line with the rise in sales and marketing activities following the acquisition of Skyware Global.

Administrative Expenses

Administrative expenses decreased by US\$0.7 million, or 10.5%, to US\$6.3 million in Q1 FY2016 from US\$7.0 million in Q1 FY2015, representing 20.4% and 25.9% of revenue, respectively, including three months of Skyware Global's manpower and expenses in Q1 FY2016 of US\$1.3 million. A restructuring and rationalisation exercise at the Group's U.K. operations during 2015 and its programme of streamlining internal efficiencies have translated into operational cost savings for the Group in Q1 FY2016 against Q1 FY2015.

Finance Costs

The increase in finance costs was mainly attributable to the increase in borrowings in Q1 FY2016 relating to Skyware Global.

Loss before Tax

The Group recorded a loss before tax of US\$0.6 million in Q1 FY2016 from US\$0.8 million in Q1 FY2015, with a negative margin of 2.0% compared to 3.1%, respectively. Excluding the loss from Skyware Global, which arose mainly from one-off post-acquisition costs and an adverse product mix, the Group would have posted a loss before tax of US\$0.1 million.

Taxation

Income tax reduced mainly due to the reduction of taxable profits from all subsidiaries.

Net Loss

Overall, the Group posted a net loss of US\$0.7 million in Q1 FY2016 from US\$0.9 million in Q1 FY2015, with a net loss margin of 2.1% compared to 3.5%, respectively. Excluding Skyware Global, the Group would have posted a net loss of US\$0.1 million.

Review of Financial Position

Non-current assets increased by US\$0.2 million mainly attributable to the addition of property, plant and equipment.

Net current assets decreased by US\$0.6 million to US\$28.3 million as at 31 March 2016 from US\$28.9 million as at 31 December 2015. Better internal control and improved collections resulted in inventories, trade and other receivables, and trade and other payables decreasing by US\$0.1 million, US\$3.9 million and US\$3.2 million, respectively. Borrowings increased by US\$1.5 million to US\$6.9 million. Cash and cash equivalents improved by US\$1.5 million to US\$10.4 million. Provision for tax decreased by US\$0.2 million as at 31 March 2016.

Non-current liabilities decreased by US\$0.4 million due to the reversal of provision for litigation that the Group had successfully settled with a former supplier. There will be no further liability to the Group.

The Group's net asset value stood at US\$54.5 million as at 31 March 2016 and 31 December 2015.

Review of Cash Flows

Net cash generated from operating activities was US\$0.5 million, comprising cash inflow from operating cash activities before working capital changes of US\$0.7 million, net working capital inflow of US\$0.1 million and payment of interest and income tax expense of US\$0.3 million.

Net cash used in investing activities was US\$0.7 million, comprising mainly the purchase of machinery and equipment.

Net cash generated from financing activities was US\$1.6 million, arising from the net proceeds from borrowings.

Overall, the Group recorded a net increase in cash and cash equivalents of US\$1.4 million in Q1 FY2016, bringing cash and cash equivalents per the consolidated statement of cash flows to US\$9.0 million as at 31 March 2016.

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

No forecast or prospect statement was made by the Company in the previous announcement made on 25 February 2016.

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 global Satellite Communications ("Sat Comms") industry was valued at US\$203 billion in 2014* while the satellite ground equipment market, in which the Group operates, is expected to continue to grow at 5% per year. This growth is driven by technological advancements in the pay-TV industry, expansion of broadband internet services and increasing demand for digital media. Amidst rapid changes and consolidation in the sector, the Group in FY2015 acquired Skyware Global. This leading designer and manufacturer of antennas for Broadband, Satellite and Very Small Aperture Terminals ("VSAT") covering C-band, Ku-band and Ka-band frequency platforms is based in North Carolina, U.S. The Group is now the only supplier of outdoor satellite antenna products and services for C-band, Ku-band and Ka-band frequency platforms.

Since the 24 August 2015 completion of the acquisition of Skyware Global, the Group has begun integrating Skyware Global's suite of capabilities, consolidated the Group's supply chain footprint in North America (including shutting down one warehouse), strengthened the management team, integrated its global sales network as well as increased sales and marketing activities in South America, Asia, Africa and Europe. The refreshed sales network has reviewed its go-to-market strategy and accelerated sales efforts with a particular focus on multi-channel sales, with all sales staff selling the Group's full range of products across territories in which the Group has a presence.

The Group has started to realise opportunities from the integration, lowering some operational costs and widening the range of customer offerings; particularly its VSAT range, where the Group's customer base includes a major U.S. broadcaster that intends to launch two new satellites later in the year. Revenue contribution from Skyware Global is expected to increase in FY2016 compared to the previous period due to full year inclusion.

The satellite ground equipment industry is undergoing a significant technology change, that involves the introduction of digital channel stacking ("DCS"), a technology that allows up to 32 continuous video streams from a single Low Noise Block ("LNB"). This technology shift impacted the Group's performance in FY2015 due to destocking by three main customers, and the Group expects the effects of this change to persist in FY2016.

The Group has completed research and development work on next generation LNBS that support DCS, positioning it for improved sales. The Group is currently awaiting qualification from one of its main customers, and intends to supply similar technology LNBS to other customers.

**Source: The Satellite Industry Association's 2015 State of the Satellite Industry Report*

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 three months period ended 31 March 2016.

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 three months period ended 31 March 2016.

14. Confirmation that the Company has procured undertaking from all its directors and executive officers pursuant to Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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 three months period ended 31 March 2016 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

12 May 2016