



global invacom
completing the picture

GLOBAL INVACOM GROUP LIMITED

(Incorporated in Singapore)

(Company Registration Number 200202428H)

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FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2018

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 ended 31 March 2018. These figures have not been audited.

	Group		
	Q1 FY2018 US\$'000	Q1 FY2017 US\$'000	Increase/ (Decrease) %
Revenue	28,925	27,531	5.1
Cost of sales	(22,837)	(21,506)	6.2
Gross profit	6,088	6,025	1.0
Other income	63	204	(69.1)
Distribution costs	(99)	(146)	(32.2)
Administrative expenses	(5,433)	(5,069)	7.2
Other operating expenses	-	(106)	(100.0)
Finance income	3	5	(40.0)
Finance costs	(113)	(112)	0.9
Profit before income tax⁽¹⁾	509	801	(36.5)
Income tax expense	(183)	(196)	(6.6)
Profit after income tax attributable to equity holders of the Company	326	605	(46.1)

Other comprehensive income/(loss):

Items that may be reclassified subsequently to profit or loss

- Exchange differences on translation of foreign subsidiaries

124	(113)	N.M.
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Other comprehensive income/(loss) for the period, net of tax

124	(113)	N.M.
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Total comprehensive income for the period attributable to equity holders of the Company

450	492	(8.5)
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N.M.: Not Meaningful

Note:

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

	Group		Increase/ (Decrease) %
	Q1 FY2018 US\$'000	Q1 FY2017 US\$'000	
Interest income	3	5	(40.0)
Interest expense	(113)	(112)	0.9
Gain on foreign exchange	62	53	17.0
(Allowance)/Write-back for inventory obsolescence	(86)	389	N.M.
Loss on disposal of property, plant and equipment	-	(20)	(100.0)
Impairment of property, plant and equipment	-	(86)	(100.0)
Depreciation of property, plant and equipment	(699)	(593)	17.9
Amortisation of intangible assets	(175)	(148)	18.2
Operating lease expense	(709)	(816)	(13.1)
Research and development expense	(586)	(390)	50.3

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 2018 US\$'000	31 Dec 2017 US\$'000	31 Mar 2018 US\$'000	31 Dec 2017 US\$'000
ASSETS				
Non-current Assets				
Property, plant and equipment	11,989	12,393	10	7
Investments in subsidiaries	-	-	44,883	44,874
Goodwill	9,352	9,352	-	-
Intangible assets	2,028	2,172	-	-
Available-for-sale financial assets	8	8	-	-
Deferred tax assets	198	198	-	-
Other receivables and prepayments	54	55	9,261	9,154
	23,629	24,178	54,154	54,035
Current Assets				
Due from subsidiaries	-	-	1,770	1,895
Inventories	27,206	29,022	-	-
Trade receivables	18,365	19,268	-	-
Other receivables and prepayments	1,849	3,361	5,432	5,263
Tax receivables	-	11	-	-
Cash and cash equivalents	12,512	7,152	383	733
	59,932	58,814	7,585	7,891
Total assets	83,561	82,992	61,739	61,926
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	(2,839)	(3,297)	(13,547)	(13,320)
Total equity	55,928	55,470	59,037	59,264
Non-current Liabilities				
Other payables	111	111	-	-
Deferred tax liabilities	489	489	-	-
	600	600	-	-
Current Liabilities				
Due to subsidiaries	-	-	2,329	2,140
Trade payables	12,599	12,206	-	-
Other payables	4,829	6,528	305	454
Borrowings	9,441	8,025	-	-
Provision for income tax	164	163	68	68
	27,033	26,922	2,702	2,662
Total liabilities	27,633	27,522	2,702	2,662
Total equity and liabilities	83,561	82,992	61,739	61,926

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 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
9,441	-	8,025	-

Amount repayable after one year

As at 31 Mar 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Details of any collateral

The revolving credit loans of US\$9,441,000 were secured over the assets of the subsidiaries and corporate guarantees provided by the Company and the subsidiaries.

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 FY2018 US\$'000	Q1 FY2017 US\$'000
Cash Flows from Operating Activities		
Profit before income tax	509	801
Adjustments for:		
Depreciation of property, plant and equipment	699	593
Amortisation of intangible assets	175	148
Loss on disposal of property, plant and equipment	-	20
Impairment of property, plant and equipment	-	86
Allowance/(Write-back) for inventory obsolescence	86	(389)
Unrealised exchange gain	(102)	(218)
Interest income	(3)	(5)
Interest expense	113	112
Share-based payments	8	40
Operating cash flow before working capital changes	1,485	1,188
Changes in working capital:		
Inventories	1,730	(838)
Trade receivables	923	1,987
Other receivables and prepayments	1,548	(576)
Trade and other payables	(1,355)	(2,125)
Cash generated from/(used in) operating activities	4,331	(364)
Interest paid	(55)	(112)
Income tax (paid)/refund	(77)	196
Net cash generated from/(used in) operating activities	4,199	(280)
Cash Flows from Investing Activities		
Interest received	2	3
Purchase of property, plant and equipment	(290)	(260)
Proceeds from disposal of property, plant and equipment	-	27
Net cash used in investing activities	(288)	(230)
Cash Flows from Financing Activities		
Proceeds from borrowings	11,641	10,705
Repayment of borrowings	(10,225)	(10,510)
Net cash generated from financing activities	1,416	195
Net increase/(decrease) in cash and cash equivalents	5,327	(315)
Cash and cash equivalents at the beginning of the period	7,152	6,742
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	33	15
Cash and cash equivalents at the end of the period⁽ⁱ⁾	12,512	6,442

Note:

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

	Q1 FY2018 US\$'000	Q1 FY2017 US\$'000
Cash and bank balances	12,481	7,413
Fixed deposits	31	229
	12,512	7,642
Less: Restricted cash*	-	(1,200)
Cash and cash equivalents per the consolidated statement of cash flows	12,512	6,442

* Restricted cash in Q1 FY2017 included cash collateral of US\$1,000,000 and fixed deposits amounted to US\$200,000 pledged with the banks for banker's guarantee and loans granted to the Group. As at 31 March 2018, the Group had utilised US\$9,441,000 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 2018	60,423	(1,656)	(10,150)	6	706	(3,695)	(872)	10,708	55,470
Share-based payments	-	-	-	-	8	-	-	-	8
Profit for the period	-	-	-	-	-	-	-	326	326
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	124	-	124
Total other comprehensive income for the period	-	-	-	-	-	-	124	326	450
Balance as at 31 Mar 2018	60,423	(1,656)	(10,150)	6	714	(3,695)	(748)	11,034	55,928
Balance as at 1 Jan 2017	60,423	(1,656)	(10,150)	6	613	(3,695)	(986)	7,759	52,314
Share-based payments	-	-	-	-	40	-	-	-	40
Profit for the period	-	-	-	-	-	-	-	605	605
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	(113)	-	(113)
Total other comprehensive income for the period	-	-	-	-	-	-	(113)	605	492
Balance as at 31 Mar 2017	60,423	(1,656)	(10,150)	6	653	(3,695)	(1,099)	8,364	52,846
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 2018	74,240	(1,656)	706	(4,481)	(1,927)	(7,618)	59,264		
Share-based payments	-	-	7	-	-	-	7		
Loss for the period	-	-	-	-	-	(234)	(234)		
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	-		
Total other comprehensive loss for the period	-	-	-	-	-	(234)	(234)		
Balance as at 31 Mar 2018	74,240	(1,656)	713	(4,481)	(1,927)	(7,852)	59,037		
Balance as at 1 Jan 2017	74,240	(1,656)	613	(4,481)	(2,067)	(6,994)	59,655		
Share-based payments	-	-	38	-	-	-	38		
Loss for the period	-	-	-	-	-	(85)	(85)		
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	140	-	140		
Total other comprehensive income for the period	-	-	-	-	140	(85)	55		
Balance as at 31 Mar 2017	74,240	(1,656)	651	(4,481)	(1,927)	(7,079)	59,748		

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 31 Mar 2018	271,662,227	72,584
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Q1 FY2017	No. of shares	US\$'000
Balance as at 1 Jan 2017 and 31 Mar 2017	271,662,227	72,584
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There were 10,740,072 treasury shares held by the Company as at 31 March 2018 and 31 March 2017 and there was no subsidiary holdings.

- 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 2018	31 Dec 2017
Total number of issued shares excluding treasury shares	271,662,227	271,662,227

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

Q1 FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 31 Mar 2018	10,740,072	1,656
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- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Q1 FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 31 Mar 2018	-	-
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- 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 2018 as those used in the audited financial statements for the year ended 31 December 2017, except for the adoption of the new or revised International Financial Reporting Standards ("IFRS") applicable for the financial period beginning 1 January 2018.

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 2018 and are relevant to its operations. The adoption of these IFRS does not have 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	
	Q1 FY2018 US\$	Q1 FY2017 US\$
(a) Based on weighted average number of ordinary shares on issue; and	0.12 cent	0.22 cent
(b) On a fully diluted basis	0.12 cent*	0.22 cent
Weighted average number of ordinary shares used in computation of basic earnings per share	271,662,227	271,662,227
Weighted average number of ordinary shares used in computation of diluted earnings per share	271,662,227	271,722,501

* Diluted earnings per share for Q1 FY2018 is the same as the basic earnings per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the share conversion would be to increase the earnings per share.

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 2018 US\$	31 Dec 2017 US\$	31 Mar 2018 US\$	31 Dec 2017 US\$
Net asset value per ordinary share based on issued share capital	20.59 cents	20.42 cents	21.73 cents	21.82 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 was US\$28.9 million in Q1 FY2018, US\$1.4 million higher than US\$27.5 million in Q1 FY2017, attributed to the increase in orders from the key customers in the UK and US.

Geographically, Group revenue for Q1 FY2018 from America and Europe regions increased, US\$0.8 million (+4.3%) and US\$1.9 million (+35.9%), respectively. This was offset by a decline in revenue from Asia and the Rest of the World by US\$0.3 million (-14.5%) and US\$1.0 million (-66.4%), respectively against that in Q1 FY2017.

Gross Profit

Gross profit increased slightly by US\$0.1 million or 1.0% to US\$6.1 million in Q1 FY2018 from US\$6.0 million in Q1 FY2017. Gross profit margin ("GPM") dipped slightly to 21.0% in Q1 FY2018 from 21.9% in Q1 FY2017 as a result from the variation of the product mix but remains level with Q4 FY2017 and slightly up against the full year FY2107 GPM.

Other Income

Other income in Q1 FY2018 derived mainly from foreign exchange gains.

Administrative Expenses

Administrative expenses increased to US\$5.4 million in Q1 FY2018 from US\$5.1 million in Q1 FY2017 but level with Q4 FY2017, representing 18.8% and 18.4% of revenue, respectively, with the emphasis on R&D to strengthen its product offerings.

Profit Before Tax & Net Profit

The Group recorded a profit before tax of US\$0.5 million in Q1 FY2018 compared to US\$0.8 million in Q1 FY2017, representing a margin of 1.8% compared to a margin of 2.9%, respectively.

Overall, the Group posted a net profit of US\$0.3 million in Q1 FY2018 compared to US\$0.6 million in Q1 FY2017, representing a net margin of 1.1% compared to a net margin of 2.2%, respectively.

Review of Financial Position

Non-current assets decreased, primarily due to the depreciation of property, plant and equipment and the amortisation of intangible assets.

Net current assets increased by US\$1.0 million to US\$32.9 million as at 31 March 2018 compared to US\$31.9 million as at 31 December 2017. Inventories decreased by US\$1.8 million and prompt collections as well as the refund of VAT rebates in our Shanghai subsidiary have resulted in trade and other receivables decreased by US\$2.4 million. Trade and other payables decreased by US\$1.3 million following the continuing rectification of trade supplier payments. As a result of the prompt collections and VAT rebates refund, cash and cash equivalents increased.

The Group's net asset value stood at US\$55.9 million as at 31 March 2018, compared to US\$55.5 million as at 31 December 2017.

Review of Cash Flows

Net cash generated from operating activities in Q1 FY2018 was US\$4.2 million, comprising cash inflow from operating activities before working capital changes of US\$1.5 million, net working capital inflow of US\$2.8 million and payment of interest and income tax expense of US\$0.1 million.

Net cash used in investing activities was US\$0.3 million in Q1 FY2018, mainly attributable to the purchase of machinery and equipment.

Net cash generated from financing activities was US\$1.4 million in Q1 FY2018, arising mainly from the net proceeds of borrowings.

Overall, the Group recorded a net increase in cash and cash equivalents of US\$5.3 million in Q1 FY2018, bringing cash and cash equivalents per the consolidated statement of cash flows to US\$12.5 million as at 31 March 2018.

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

No prospect statement was made.

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 financial performance for the three months ended 31 March 2018 (“Q1 FY2018”) reflected steady demand, principally from UK and US customers for the Group’s enhanced product pipeline, including the new Western Arc Hybrid LNB, launched in 2H FY2017. Other new products – including slimline products, new antenna formats and low-cost LNBs based on a new chip design – are expected to enter production throughout FY2018.

The Satellite Communications (“Sat Comms”) equipment landscape, estimated to be US\$20.2 billion in 2017, according to research by MarketsandMarkets¹, is expected to continue growing. This growth can be attributed mainly to evolving consumer preferences for higher-quality video (4K and developing 8K) and commercial viability in remote areas, as well as connectivity cost-effectiveness and remote functionality in emerging markets.

Moreover, the Sat Comms equipment market has been projected to reach US\$30.32 billion by 2022 with a Compounded Average Growth Rate of 8.46%, driven primarily by demand for advanced, energy-efficient communication systems with longer lifespans, increased reliability and diverse functions¹.

The Group expects sales demand for the latest Digital Channel Stacking Switch (“DCSS”) to continue throughout FY2018 as more satellite broadcasters complete the once-in-a-decade technological shift. As one of the world’s fully-integrated Sat Comms designers, manufacturers and innovators, the Group is well positioned to benefit from this shift.

The Group will build on the shopfloor enhancements, operational and supply chain improvements that had contributed to the turnaround of its US and Israeli facilities – each of which reported their first respective profit in over a decade in FY2017 – to further improve internal efficiencies. Where needed, capital investments will be made to lift productivity. Across its manufacturing footprint worldwide the Group is emphasising relocating in-house more functions that were previously outsourced, global procurement to lower costs of goods and streamlining global supply chain to further reduce costs, with the combined objective to improve margin.

The Group will continue to strengthen its position as the global leader in Sat Comms solutions utilising its strong R&D capabilities and collaborate closely with key customers to oversee new product development. Despite competitive headwinds, the Board remains optimistic about the adoption of DCSS products.

¹ Source: Satellite Communications Equipment Market by Product, Technology, End-Use, Vertical and Region – Global Forecast to 2022 by MarketsandMarkets

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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the three months ended 31 March 2018.

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 ended 31 March 2018.

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 ended 31 March 2018 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
Executive Chairman

10 May 2018

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.