



## GLOBAL INVACOM GROUP LIMITED

(Incorporated in Singapore)  
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### FINANCIAL STATEMENT ANNOUNCEMENT FOR Q2 AND HALF-YEAR ENDED 30 JUNE 2019

#### 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 Q2 and the half-year ended 30 June 2019. These figures have not been audited.

	Group			Group		
	Q2 FY2019 US\$'000	Q2 FY2018 US\$'000	Increase/ (Decrease) %	1H FY2019 US\$'000	1H FY2018 US\$'000	Increase/ (Decrease) %
<b>Revenue</b>	<b>33,652</b>	<b>26,471</b>	<b>27.1</b>	<b>71,945</b>	<b>55,396</b>	<b>29.9</b>
Cost of sales	(26,332)	(20,788)	26.7	(56,866)	(43,625)	30.4
Gross profit	7,320	5,683	28.8	15,079	11,771	28.1
Other income	145	10	N.M.	145	31	367.7
Distribution costs	(92)	(81)	13.6	(172)	(180)	(4.4)
Administrative expenses	(5,919)	(5,177)	14.3	(12,197)	(10,610)	15.0
Other operating expenses	(178)	(55)	223.6	(409)	(13)	N.M.
Finance income	70	41	70.7	98	44	122.7
Finance costs	(199)	(134)	48.5	(410)	(247)	66.0
<b>Profit before income tax<sup>(i)</sup></b>	<b>1,147</b>	<b>287</b>	<b>300.0</b>	<b>2,134</b>	<b>796</b>	<b>168.1</b>
Income tax expense	(302)	(81)	272.8	(548)	(264)	107.6
<b>Profit after income tax attributable to equity holders of the Company</b>	<b>845</b>	<b>206</b>	<b>310.2</b>	<b>1,586</b>	<b>532</b>	<b>198.1</b>

**Other comprehensive (loss)/income:**

Items that may be reclassified subsequently to profit or loss

- Exchange differences on translation of foreign subsidiaries

(151)	70	N.M.	(98)	194	N.M.
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**Other comprehensive (loss)/income for the period, net of tax**

(151)	70	N.M.	(98)	194	N.M.
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**Total comprehensive income for the period attributable to equity holders of the Company**

694	276	151.4	1,488	726	105.0
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N.M.: Not Meaningful

**Note:**

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

	Group			Group		
	Q2 FY2019 US\$'000	Q2 FY2018 US\$'000	Increase/ (Decrease) %	1H FY2019 US\$'000	1H FY2018 US\$'000	Increase/ (Decrease) %
Interest income	70	41	70.7	98	44	122.7
Interest expense	(199)	(134)	48.5	(410)	(247)	66.0
(Loss)/Gain on foreign exchange	(157)	(42)	273.8	(380)	20	N.M.
Write-back of payables	74	-	N.M.	74	-	N.M.
Loss on disposal of property, plant and equipment	(5)	(13)	(61.5)	(13)	(13)	-
Depreciation of property, plant and equipment	(789)	(704)	12.1	(1,573)	(1,403)	12.1
Amortisation of intangible assets	(230)	(176)	30.7	(460)	(351)	31.1
Depreciation of right-of-use assets	(1,152)	-	N.M.	(1,152)	-	N.M.
Write-back/(Allowance) for inventory obsolescence, net*	374	(68)	N.M.	264	(154)	N.M.
Bad debts written off	(16)	-	N.M.	(16)	-	N.M.
Research and development expense	(414)	(727)	(43.1)	(1,061)	(1,313)	(19.2)

\* US\$0.5 million of write-back for inventory obsolescence was offset by materials write-off for the same amount recognised in cost of goods sold.

**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 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	12,851	12,606	210	85
Right-of-use assets	3,017	-	199	-
Investments in subsidiaries	-	-	44,893	44,892
Goodwill	9,352	9,352	-	-
Intangible assets	3,235	3,656	-	-
Other financial assets	2,367	1,519	2,080	1,511
Deferred tax assets	109	109	-	-
Other receivables and prepayments	55	55	9,849	9,608
	<u>30,986</u>	<u>27,297</u>	<u>57,231</u>	<u>56,096</u>
<b>Current Assets</b>				
Due from subsidiaries	-	-	2,506	939
Inventories	32,063	31,625	-	-
Trade receivables	22,256	24,874	-	-
Other receivables and prepayments	2,057	1,900	3,458	3,433
Tax receivables	5	15	-	-
Cash and cash equivalents	7,891	8,381	145	526
	<u>64,272</u>	<u>66,795</u>	<u>6,109</u>	<u>4,898</u>
<b>Total assets</b>	<b><u>95,258</u></b>	<b><u>94,092</u></b>	<b><u>63,340</u></b>	<b><u>60,994</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	60,423	60,423	74,240	74,240
Treasury shares	(1,656)	(1,656)	(1,656)	(1,656)
Reserves	(912)	(2,161)	(12,179)	(13,988)
<b>Total equity</b>	<b><u>57,855</u></b>	<b><u>56,606</u></b>	<b><u>60,405</u></b>	<b><u>58,596</u></b>
<b>Non-current Liabilities</b>				
Other payables	104	104	-	-
Lease liabilities	1,960	-	96	-
Deferred tax liabilities	406	406	-	-
	<u>2,470</u>	<u>510</u>	<u>96</u>	<u>-</u>
<b>Current Liabilities</b>				
Due to subsidiaries	-	-	2,337	2,109
Trade payables	14,296	19,381	-	-
Other payables	5,198	5,326	324	221
Borrowings	13,650	11,974	-	-
Lease liabilities	1,269	-	110	-
Provision for income tax	520	295	68	68
	<u>34,933</u>	<u>36,976</u>	<u>2,839</u>	<u>2,398</u>
<b>Total liabilities</b>	<b><u>37,403</u></b>	<b><u>37,486</u></b>	<b><u>2,935</u></b>	<b><u>2,398</u></b>
<b>Total equity and liabilities</b>	<b><u>95,258</u></b>	<b><u>94,092</u></b>	<b><u>63,340</u></b>	<b><u>60,994</u></b>

**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 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
13,650	-	11,974	-

**Amount repayable after one year**

As at 30 Jun 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

**Details of any collateral**

The revolving credit loans of US\$13,650,000 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		Group	
	Q2 FY2019 US\$'000	Q2 FY2018 US\$'000	1H FY2019 US\$'000	1H FY2018 US\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	1,147	287	2,134	796
Adjustments for:				
Depreciation of property, plant and equipment	789	704	1,573	1,403
Amortisation of intangible assets	230	176	460	351
Loss on disposal of property, plant and equipment	5	13	13	13
Depreciation of right-of-use assets	1,152	-	1,152	-
(Write-back)/Allowance for inventory obsolescence, net	(374)	68	(264)	154
Bad debts written off	16	-	16	-
Unrealised exchange (gain)/loss	(309)	312	(95)	210
Interest income	(70)	(41)	(98)	(44)
Interest expense	199	134	410	247
Share-based payments	-	3	2	11
Write-back of payables	(74)	-	(74)	-
<b>Operating cash flow before working capital changes</b>	<b>2,711</b>	<b>1,656</b>	<b>5,229</b>	<b>3,141</b>
Changes in working capital:				
Inventories	1,638	(1,394)	(174)	336
Trade receivables	4,772	1,585	2,746	2,508
Other receivables and prepayments	(229)	92	(142)	1,640
Trade and other payables	(5,071)	253	(5,303)	(1,102)
<b>Cash generated from operating activities</b>	<b>3,821</b>	<b>2,192</b>	<b>2,356</b>	<b>6,523</b>
Interest paid	(175)	(64)	(235)	(119)
Income tax paid	(134)	(2)	(198)	(79)
<b>Net cash generated from operating activities</b>	<b>3,512</b>	<b>2,126</b>	<b>1,923</b>	<b>6,325</b>
<b>Cash Flows from Investing Activities</b>				
Interest received	26	42	30	44
Purchase of property, plant and equipment	(705)	(421)	(1,842)	(711)
Proceeds from disposal of property, plant and equipment	-	28	1	28
Payment for financial asset, at fair value through profit or loss	(279)	-	(779)	-
<b>Net cash used in investing activities</b>	<b>(958)</b>	<b>(351)</b>	<b>(2,590)</b>	<b>(639)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	17,117	12,629	36,494	24,270
Repayment of borrowings	(18,093)	(13,475)	(34,818)	(23,700)
Repayment of lease liabilities	(1,459)	-	(1,459)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,435)</b>	<b>(846)</b>	<b>217</b>	<b>570</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>119</b>	<b>929</b>	<b>(450)</b>	<b>6,256</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7,751</b>	<b>12,512</b>	<b>8,381</b>	<b>7,152</b>
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	21	(55)	(40)	(22)
<b>Cash and cash equivalents at the end of the period<sup>(i)</sup></b>	<b>7,891</b>	<b>13,386</b>	<b>7,891</b>	<b>13,386</b>

**Note:**

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

	<b>Q2 FY2019 US\$'000</b>	<b>Q2 FY2018 US\$'000</b>	<b>1H FY2019 US\$'000</b>	<b>1H FY2018 US\$'000</b>
Cash and bank balances	7,861	13,356	7,861	13,356
Fixed deposits	30	30	30	30
<b>Cash and cash equivalents per the consolidated statement of cash flows</b>	<b>7,891</b>	<b>13,386</b>	<b>7,891</b>	<b>13,386</b>

**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
<b>Balance as at 1 Jan 2019</b>	<b>60,423</b>	<b>(1,656)</b>	<b>(10,150)</b>	<b>6</b>	<b>723</b>	<b>(3,560)</b>	<b>(1,289)</b>	<b>12,109</b>	<b>56,606</b>
Effect of adoption of SFRS(I) 16	-	-	-	-	-	-	-	(239)	(239)
Share-based payments	-	-	-	-	2	-	-	-	2
Profit for the period	-	-	-	-	-	-	-	741	741
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	53	-	53
Total other comprehensive income for the period	-	-	-	-	-	-	53	741	794
<b>Balance as at 31 Mar 2019</b>	<b>60,423</b>	<b>(1,656)</b>	<b>(10,150)</b>	<b>6</b>	<b>725</b>	<b>(3,560)</b>	<b>(1,236)</b>	<b>12,611</b>	<b>57,163</b>
Profit for the period	-	-	-	-	-	-	-	845	845
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	(153)	-	(153)
Total other comprehensive income for the period	-	-	-	-	-	-	(153)	845	692
<b>Balance as at 30 Jun 2019</b>	<b>60,423</b>	<b>(1,656)</b>	<b>(10,150)</b>	<b>6</b>	<b>725</b>	<b>(3,560)</b>	<b>(1,389)</b>	<b>13,456</b>	<b>57,855</b>
<b>Balance as at 1 Jan 2018</b>	<b>60,423</b>	<b>(1,656)</b>	<b>(10,150)</b>	<b>6</b>	<b>706</b>	<b>(3,695)</b>	<b>(872)</b>	<b>10,708</b>	<b>55,470</b>
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
<b>Balance as at 31 Mar 2018</b>	<b>60,423</b>	<b>(1,656)</b>	<b>(10,150)</b>	<b>6</b>	<b>714</b>	<b>(3,695)</b>	<b>(748)</b>	<b>11,034</b>	<b>55,928</b>
Share-based payments	-	-	-	-	3	-	-	-	3
Profit for the period	-	-	-	-	-	-	-	206	206
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	69	-	69
Total other comprehensive income for the period	-	-	-	-	-	-	69	206	275
<b>Balance as at 30 Jun 2018</b>	<b>60,423</b>	<b>(1,656)</b>	<b>(10,150)</b>	<b>6</b>	<b>717</b>	<b>(3,695)</b>	<b>(679)</b>	<b>11,240</b>	<b>56,206</b>

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
<b>Balance as at 1 Jan 2019</b>	<b>74,240</b>	<b>(1,656)</b>	<b>723</b>	<b>(4,481)</b>	<b>(1,927)</b>	<b>(8,303)</b>	<b>58,596</b>
Effect of adoption of SFRS(I) 16	-	-	-	-	-	(5)	(5)
Share-based payments	-	-	2	-	-	-	2
Loss for the period	-	-	-	-	-	(485)	(485)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(485)	(485)
<b>Balance as at 31 Mar 2019</b>	<b>74,240</b>	<b>(1,656)</b>	<b>725</b>	<b>(4,481)</b>	<b>(1,927)</b>	<b>(8,793)</b>	<b>58,108</b>
Profit for the period	-	-	-	-	-	2,297	2,297
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	-	-	-	2,297	2,297
<b>Balance as at 30 Jun 2019</b>	<b>74,240</b>	<b>(1,656)</b>	<b>725</b>	<b>(4,481)</b>	<b>(1,927)</b>	<b>(6,496)</b>	<b>60,405</b>
<b>Balance as at 1 Jan 2018</b>	<b>74,240</b>	<b>(1,656)</b>	<b>706</b>	<b>(4,481)</b>	<b>(1,927)</b>	<b>(7,618)</b>	<b>59,264</b>
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)
<b>Balance as at 31 Mar 2018</b>	<b>74,240</b>	<b>(1,656)</b>	<b>713</b>	<b>(4,481)</b>	<b>(1,927)</b>	<b>(7,852)</b>	<b>59,037</b>
Share-based payments	-	-	4	-	-	-	4
Loss for the period	-	-	-	-	-	(240)	(240)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(240)	(240)
<b>Balance as at 30 Jun 2018</b>	<b>74,240</b>	<b>(1,656)</b>	<b>717</b>	<b>(4,481)</b>	<b>(1,927)</b>	<b>(8,092)</b>	<b>58,801</b>



- 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 FY2019	No. of shares	US\$'000
Balance as at 1 Jan 2019 and 30 Jun 2019	271,662,227	72,584
1H FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 30 Jun 2018	271,662,227	72,584

There were 10,740,072 treasury shares held by the Company as at 30 June 2019 and 30 June 2018 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.

	30 Jun 2019	31 Dec 2018
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.

1H FY2019	No. of shares	US\$'000
Balance as at 1 Jan 2019 and 30 Jun 2019	10,740,072	1,656

- 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.

1H FY2019	No. of shares	US\$'000
Balance as at 1 Jan 2019 and 30 Jun 2019	-	-

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.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation consistent with those used in the most recent audited financial statements for the year ended 31 December 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 various new and revised SFRS(I)s and IFRSs that are relevant to its operations and effective for the period beginning 1 January 2019. Except as disclosed below, the adoption of the new and revised SFRS(I)s and IFRSs has no material financial impact on the Group's financial statements.

SFRS(I) 16 and IFRS 16, *Leases* sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces existing lease accounting guidance. SFRS(I) 16 and IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

The Group adopted SFRS(I) 16 and IFRS 16 on 1 January 2019 based on a permitted transition approach that does not restate comparative information, but recognised the cumulative effect of initially applying SFRS(I) 16 and IFRS 16 as an adjustment to the opening balance of retained earnings on 1 January 2019. The Group also adopted an expedient offered by SFRS(I) 16 and IFRS 16, exempting the Group from having to reassess whether pre-existing contracts contain a lease.

The Group and the Company have entered into several leasing arrangements with lessors for factory buildings and office premises. Prior to the adoption of SFRS(I) 16 and IFRS 16, the Group and the Company recognised these arrangement as operating leases and payments made under operating leases are recognised in the income statement on a straight-line basis over the period of the lease. Upon adoption of SFRS(I) 16 and IFRS 16, the Group and the Company recognised the right-of-use assets and lease liabilities. The nature of expenses related to those leases will change as SFRS(I) 16 and IFRS 16 replaces the straight-line operating lease expense with depreciation charge for right-of-use assets and interest expenses on lease liabilities. The Group does not restate the comparative information for the effect of adopting SFRS(I) 16 and IFRS 16 due to the exemption in SFRS(I) 16 and IFRS 16 but has instead recognised the effect in retained earnings and other reserves as at 1 January 2019.

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		Group	
	Q2 FY2019 US\$	Q2 FY2018 US\$	1H FY2019 US\$	1H FY2018 US\$
(a) Based on weighted average number of ordinary shares on issue; and	0.31 cent	0.08 cent	0.58 cent	0.20 cent
(b) On a fully diluted basis	0.31 cent*	0.08 cent*	0.58 cent*	0.20 cent*
Weighted average number of ordinary shares used in computation of basic earnings per share	271,662,227	271,662,227	271,662,227	271,662,227
Weighted average number of ordinary shares used in computation of diluted earnings per share	271,662,227	271,662,227	271,662,227	271,662,227

\* Diluted earnings per share for Q2 FY2019 and 1H FY2019 are 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	
	30 Jun 2019 US\$	31 Dec 2018 US\$	30 Jun 2019 US\$	31 Dec 2018 US\$
Net asset value per ordinary share based on issued share capital	21.30 cents	20.84 cents	22.24 cents	21.57 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 for the six months ended 30 June 2019 ("1H FY2019") increased by US\$16.5 million to US\$71.9 million from US\$55.4 million in the prior year ("1H FY2018"). Revenue for the quarter ended ("Q2 FY2019") amounted to US\$33.7 million against US\$26.5 million in the prior year quarter ("Q2 FY2018"). The increases were driven by its introduction of new and improved products to its key customers.

Geographically, Group revenue for 1H FY2019 increased in America, Europe and Rest of the World ("RoW") by US\$14.8 million (+39.7%), US\$1.4 million (+10.4%) and US\$2.2 million (+164.4%), respectively, offset by reductions in Asia by US\$1.9 million (-61.7%). Similarly, revenue for Q2 FY2019 increased in America, Europe and RoW by US\$7.2 million (+40.9%), US\$0.1 million (+1.4%) and US\$1.0 million (+122.8%), respectively but declined in Asia by US\$1.1 million (-73.9%) compared to the prior year.

#### ***Gross Profit***

The increase in revenue has resulted in a 28.1% increase in gross profit from US\$11.8 million in 1H FY2018 to US\$15.1 million in 1H FY2019. Gross profit margin decreased slightly by 0.2 percentage points from 21.2% to 21.0%. For Q2 FY2019, gross profit margin improved by 0.3 percentage points from 21.5% to 21.8%, due to product mix and manufacturing improvements with gross profit at US\$7.3 million against US\$5.7 million for Q2 FY2018.

#### ***Other Income***

Other income in Q2 FY2019 relates to write-back of payables and government subsidy in China.

#### ***Administrative Expenses***

Administrative expenses for 1H FY2019 increased 15.0% to US\$12.2 million compared to US\$10.6 million in 1H FY2018, representing 17.0% and 19.2% of revenue respectively, primarily due to the inclusion of salaries and related costs from the acquisition of business from Skyware Technologies and professional fees incurred for the reverse takeover, which were both absent in 1H FY2018. If these costs were excluded, administrative expenses would be US\$11.0 million compared to US\$10.6 million for 1H FY2018, a 3.9% increase.

Administrative expenses for Q2 FY2019 increased to US\$5.9 million from US\$5.2 million compared to the previous year. Again, excluding the new element of the business in FY2019, administrative expenses for Q2 FY2019 would be US\$5.6 million compared to US\$5.2 million in the prior year period.

#### ***Other Operating Expenses***

Other operating expenses in Q2 FY2019 were derived from foreign exchange losses, loss on disposal of equipment and the write-off of bad debts.

#### ***Profit Before Tax & Net Profit***

The Group posted a profit before tax of US\$2.1 million in 1H FY2019, compared to US\$0.8 million the prior year, representing margins of 3.0% and 1.4%, respectively. For Q2 FY2019, the Group recorded US\$1.1 million profit before tax compared to US\$0.3 million in the prior year quarter, representing margins of 3.4% and 1.1%, respectively.

Overall, the Group posted a net profit of US\$1.6 million in 1H FY2019, compared to US\$0.5 million in 1H FY2018, representing net margins of 2.2% and 1.0%, respectively. The Group recorded a net profit of US\$0.8 million in Q2 FY2019 compared to US\$0.2 million the prior year quarter, representing net margins of 2.5% and 0.8%, respectively.

### **Review of Financial Position**

Non-current assets increased by US\$3.7 million to US\$31.0 million as at 30 June 2019, primarily due to the adoption of SFRS(I) 16 on leases, addition of property, plant and equipment as well as the interest accrued on the convertible loans subscribed in Tactilis Sdn Bhd.

Net current assets decreased by US\$0.5 million to US\$29.3 million as at 30 June 2019 compared to US\$29.8 million as at 31 December 2018. Trade and other receivables and trade and other payables decreased by US\$2.4 million and US\$5.2 million respectively, with faster collection and continuing payment to suppliers, offset by an increase in inventories of US\$0.4 million. Borrowings increased by US\$1.7 million to US\$13.7 million, offset by a decrease in cash and cash equivalents of US\$0.5 million to US\$7.9 million as at 30 June 2019 compared to US\$8.4 million as at 31 December 2018. Provision for income tax increased by US\$0.2 million, in line with the increase in profits. The adoption of SFRS(I) 16 on leases increased the current portion of lease liabilities by US\$1.3 million.

Similarly, the non-current portion of the lease liabilities increased to US\$2.0 million.

The Group's net asset value stood at US\$57.9 million as at 30 June 2019, compared to US\$56.6 million as at 31 December 2018.

### **Review of Cash Flows**

In Q2 FY2019, net cash generated from operating activities amounted to US\$3.5 million, comprising US\$2.7 million cash inflow from operating activities (before working capital changes), US\$1.1 million net working capital inflow and US\$0.3 million payment of interest and income tax.

In 1H FY2019, net cash generated from operating activities amounted to US\$1.9 million, comprising US\$5.2 million cash inflow from operating activities (before working capital changes), US\$2.9 million net working capital outflow and US\$0.4 million payment of interest and income tax.

Net cash used in investing activities in Q2 FY2019 and 1H FY2019 amounted to US\$1.0 million and US\$2.6 million, respectively, relating predominately to purchase of machinery and equipment, investment in convertible notes in Tactilis Sdn Bhd and payment for Apexsat Pte Ltd.

Net cash used in financing activities amounted to US\$2.4 million in Q2 FY2019 and generated from financing activities amounted to US\$0.2 million in 1H FY2019, attributable to the net proceeds of borrowings and repayment of lease liabilities.

Overall, the Group recorded a net increase in cash and cash equivalents amounting to US\$0.1 million in Q2 FY2019 and a net decrease in cash and cash equivalents amounting to US\$0.5 million in 1H FY2019, bringing cash and cash equivalents per the consolidated statement of cash flows to US\$7.9 million as at 30 June 2019.

**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 Group continues to see revenue growth resulting from its introduction of new and improved products to its key customers which the Group will strive to maintain. The Group is confident that its investment in R&D for electronics and antennas in both the Direct-to-Home ("DTH") and VSAT/Data over Satellite ("DOS") markets will place it in a strong position compared to their competitors.

According to a recent research report by MarketsandMarkets<sup>1</sup>, the satellite communications market is estimated to exceed US\$30 billion by 2022, driven by demand for data and connectivity across multiple territories, including North America, Europe, Asia Pacific, Middle East and Africa as well as Latin America. Satellite communications are increasingly seen as an essential component in addressing the infrastructure necessary to deliver connectivity to all, particularly amid evolving trends such as 5G and connected devices. The Group continues to monitor the ongoing development of 5G throughout the world, and the potential for satellite and satellite ground equipment in particular, to play its part in this evolving infrastructure.

Furthermore, there are an increasing number of operators seeking to capitalise on the opportunity to launch low latency satellite constellations in lower earth orbit ("LEO") and medium earth orbit ("MEO"), seeking to provide large scale coverage and deliver connectivity at a lower price. Global Invacom recently announced the acquisition of the assets and intellectual property of Apexsat Pte Ltd with steerable antenna that directly address this market, and the challenge of producing cost effective antenna to receive data from non-geostationary ("non-GEO") satellites. Northern Sky Research recently published a report which forecasts that the cumulative revenue opportunity for LEO/MEO capacity and service will total US\$43.6 billion between 2018 and 2028<sup>2</sup>.

Whilst a small proportion of customers are continuing to end their traditional cable and satellite TV subscriptions – known as cord cutting – a recent report from Leichtman Research Group reports there are an estimated 87.7 million pay TV subscribers in the United States<sup>3</sup>. Consumers today have access to a wider choice of services, with over the top ("OTT") services such as Hulu, Netflix and Amazon offering high quality television however there is a growing consensus in the industry that these OTT services will co-exist with traditional pay TV.

The Group is also mindful of the further recent tariff increases imposed by the United States of America ("USA") on products manufactured in the People's Republic of China ("China") and has been working on its internal processes and externally with affected end customers to limit the exposure to these increases. This has included moving high running, USA bound product from its facility in China to another location that is not affected by tariffs. It will also continue its strategy in the second half to derisk its manufacturing exposure through reduced activity at its largest site in China.

DOS remains a vital contributor to the Group's business. Shipments of its new 90cm satellite antenna continue on a non-exclusive basis to the lead provider of DOS services based in USA during FY2019. In addition, following the acquisition of the assets and intellectual property of Skyware Technologies in Q3 FY2018, orders for DOS transceiver electronics from another major global DOS integrator have led to overall DOS shipments in 1H FY2019 exceeding that of the corresponding period in FY2018.

Shipment of the Group's Western and Eastern Arc Slimline Low Noise Block ("LNB") to a major USA customer led to higher revenue in both Q1 and Q2 FY2019. In addition, the Group has secured two contracts worth US\$6 million to supply DTH Satellite Outdoor Units to a major Asian Satellite Service Provider.

<sup>1</sup> <https://www.marketsandmarkets.com/Market-Reports/satellite-communication-satcom-equipment-market-159285646.html>

<sup>2</sup> <https://www.nsr.com/research/satellite-constellations-a-critical-assessment-2nd-edition/>

<sup>3</sup> <https://www.leichtmanresearch.com/major-pay-tv-providers-lost-about-1325000-subscribers-in-1q-2019/>

**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.**

Due to the operating conditions faced by the Group, no dividend has been declared or recommended for the six months ended 30 June 2019.

**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 six months ended 30 June 2019.

**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 six months ended 30 June 2019 to be false or misleading in any material aspect.

**On behalf of the Board**

**Anthony Brian Taylor**  
Director

**Matthew Jonathan Garner**  
Director

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BY ORDER OF THE BOARD  
Anthony Brian Taylor  
Executive Chairman

8 August 2019

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