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GLOBAL INVACOM GROUP LIMITED

(Incorporated in Singapore)

(Company Registration Number 200202428H)

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FINANCIAL STATEMENT ANNOUNCEMENT FOR Q2 AND HALF-YEAR ENDED 30 JUNE 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 Q2 and the half-year ended 30 June 2018. These figures have not been audited.

	Group			Group		
	Q2 FY2018 US\$'000	Q2 FY2017 US\$'000	Increase/ (Decrease) %	1H FY2018 US\$'000	1H FY2017 US\$'000	Increase/ (Decrease) %
Revenue	26,471	29,893	(11.4)	55,396	57,424	(3.5)
Cost of sales	(20,788)	(24,089)	(13.7)	(43,625)	(45,595)	(4.3)
Gross profit	5,683	5,804	(2.1)	11,771	11,829	(0.5)
Other income	10	711	(98.6)	31	915	(96.6)
Distribution costs	(81)	(83)	(2.4)	(180)	(229)	(21.4)
Administrative expenses	(5,177)	(5,246)	(1.3)	(10,610)	(10,315)	2.9
Other operating expenses	(55)	-	N.M.	(13)	(106)	(87.7)
Finance income	41	5	720.0	44	10	340.0
Finance costs	(134)	(95)	41.1	(247)	(207)	19.3
Profit before income tax⁽ⁱ⁾	287	1,096	(73.8)	796	1,897	(58.0)
Income tax expense	(81)	(223)	(63.7)	(264)	(419)	(37.0)
Profit after income tax attributable to equity holders of the Company	206	873	(76.4)	532	1,478	(64.0)

Other comprehensive income:

Items that may be reclassified subsequently to profit or loss

- Exchange differences on translation of foreign subsidiaries

70	221	(68.3)	194	108	(79.6)
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Other comprehensive income for the period, net of tax

70	221	(68.3)	194	108	(79.6)
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Total comprehensive income for the period attributable to equity holders of the Company

276	1,094	(74.8)	726	1,586	(54.2)
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N.M.: Not Meaningful

Note:

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

	Group			Group		
	Q2 FY2018 US\$'000	Q2 FY2017 US\$'000	Increase/ (Decrease) %	1H FY2018 US\$'000	1H FY2017 US\$'000	Increase/ (Decrease) %
Interest income	41	5	720.0	44	10	340.0
Interest expense	(134)	(95)	41.1	(247)	(207)	19.3
(Loss)/Gain on foreign exchange	(42)	131	N.M.	20	184	(89.1)
Write-back of payables	-	578	(100.0)	-	578	(100.0)
Loss on disposal of property, plant and equipment	(13)	-	N.M.	(13)	(20)	(35.0)
Impairment of property, plant and equipment	-	-	-	-	(86)	(100.0)
Depreciation of property, plant and equipment	(704)	(629)	11.9	(1,403)	(1,222)	14.8
Amortisation of intangible assets	(176)	(160)	10.0	(351)	(308)	14.0
(Allowance)/Write-back for inventory obsolescence, net	(68)	(126)	(46.0)	(154)	263	N.M.
Operating lease expense	(1,008)	(795)	26.8	(1,717)	(1,611)	6.6
Research and development expense	(727)	(413)	76.0	(1,313)	(803)	63.5

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 2018 US\$'000	31 Dec 2017 US\$'000	30 Jun 2018 US\$'000	31 Dec 2017 US\$'000
ASSETS				
Non-current Assets				
Property, plant and equipment	11,645	12,393	103	7
Investments in subsidiaries	-	-	44,885	44,874
Goodwill	9,352	9,352	-	-
Intangible assets	1,872	2,172	-	-
Available-for-sale financial assets	8	8	-	-
Deferred tax assets	198	198	-	-
Other receivables and prepayments	54	55	9,371	9,154
	23,129	24,178	54,359	54,035
Current Assets				
Due from subsidiaries	-	-	1,250	1,895
Inventories	28,532	29,022	-	-
Trade receivables	16,769	19,268	-	-
Other receivables and prepayments	1,714	3,361	5,361	5,263
Tax receivables	-	11	-	-
Cash and cash equivalents	13,386	7,152	213	733
	60,401	58,814	6,824	7,891
Total assets	83,530	82,992	61,183	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	(2,561)	(3,297)	(13,783)	(13,320)
Total equity	56,206	55,470	58,801	59,264
Non-current Liabilities				
Other payables	103	111	-	-
Deferred tax liabilities	489	489	-	-
	592	600	-	-
Current Liabilities				
Due to subsidiaries	-	-	2,121	2,140
Trade payables	14,128	12,206	-	-
Other payables	3,869	6,528	193	454
Borrowings	8,595	8,025	-	-
Provision for income tax	140	163	68	68
	26,732	26,922	2,382	2,662
Total liabilities	27,324	27,522	2,382	2,662
Total equity and liabilities	83,530	82,992	61,183	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 30 Jun 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
8,595	-	8,025	-

Amount repayable after one year

As at 30 Jun 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\$8,595,000 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 FY2018 US\$'000	Q2 FY2017 US\$'000	1H FY2018 US\$'000	1H FY2017 US\$'000
Cash Flows from Operating Activities				
Profit before income tax	287	1,096	796	1,897
Adjustments for:				
Depreciation of property, plant and equipment	704	629	1,403	1,222
Amortisation of intangible assets	176	160	351	308
Loss on disposal of property, plant and equipment	13	-	13	20
Impairment of property, plant and equipment	-	-	-	86
Allowance/(Write-back) for inventory obsolescence, net	68	126	154	(263)
Unrealised exchange loss	312	235	210	17
Interest income	(41)	(5)	(44)	(10)
Interest expense	134	95	247	207
Share-based payments	3	35	11	75
Write-back of payables	-	(578)	-	(578)
Operating cash flow before working capital changes	1,656	1,793	3,141	2,981
Changes in working capital:				
Inventories	(1,394)	108	336	(730)
Trade receivables	1,585	(2,015)	2,508	(28)
Other receivables and prepayments	92	2,700	1,640	2,124
Trade and other payables	253	(1,292)	(1,102)	(3,417)
Cash generated from operating activities	2,192	1,294	6,523	930
Interest paid	(64)	(105)	(119)	(217)
Income tax paid	(2)	(331)	(79)	(135)
Net cash generated from operating activities	2,126	858	6,325	578
Cash Flows from Investing Activities				
Interest received	42	7	44	10
Purchase of property, plant and equipment	(421)	(601)	(711)	(861)
Proceeds from disposal of property, plant and equipment	28	-	28	27
Decrease in restricted cash	-	1,000	-	1,000
Net cash (used in)/generated from investing activities	(351)	406	(639)	176
Cash Flows from Financing Activities				
Proceeds from borrowings	12,629	17,837	24,270	28,542
Repayment of borrowings	(13,475)	(15,628)	(23,700)	(26,138)
Net cash (used in)/generated from financing activities	(846)	2,209	570	2,404
Net increase in cash and cash equivalents	929	3,473	6,256	3,158
Cash and cash equivalents at the beginning of the period	12,512	6,442	7,152	6,742
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(55)	18	(22)	33
Cash and cash equivalents at the end of the period⁽¹⁾	13,386	9,933	13,386	9,933

Note:

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

	Q2 FY2018 US\$'000	Q2 FY2017 US\$'000	1H FY2018 US\$'000	1H FY2017 US\$'000
Cash and bank balances	13,356	9,904	13,356	9,904
Fixed deposits	30	229	30	229
	<u>13,386</u>	<u>10,133</u>	<u>13,386</u>	<u>10,133</u>
Less: Restricted cash*	-	(200)	-	(200)
Cash and cash equivalents per the consolidated statement of cash flows	<u>13,386</u>	<u>9,933</u>	<u>13,386</u>	<u>9,933</u>

- * Restricted cash in Q2 FY2017 included fixed deposits amounted to US\$200,000 pledged with the banks for banker's guarantee and loans granted to the Group. As at 30 June 2018, the Group had utilised US\$8,595,000 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
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
Balance as at 30 Jun 2018	60,423	(1,656)	(10,150)	6	717	(3,695)	(679)	11,240	56,206
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
Share-based payments	-	-	-	-	35	-	-	-	35
Profit for the period	-	-	-	-	-	-	-	873	873
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	221	-	221
Total other comprehensive income for the period	-	-	-	-	-	-	221	873	1,094
Balance as at 30 Jun 2017	60,423	(1,656)	(10,150)	6	688	(3,695)	(878)	9,237	53,975

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
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)
Balance as at 30 Jun 2018	74,240	(1,656)	717	(4,481)	(1,927)	(8,092)	58,801
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
Share-based payments	-	-	37	-	-	-	37
Loss for the period	-	-	-	-	-	(56)	(56)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(56)	(56)
Balance as at 30 Jun 2017	74,240	(1,656)	688	(4,481)	(1,927)	(7,135)	59,729

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

1H FY2017	No. of shares	US\$'000
Balance as at 1 Jan 2017 and 30 Jun 2017	271,662,227	72,584

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

	30 Jun 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, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

1H FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 30 Jun 2018	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 FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 30 Jun 2018	-	-

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 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		Group	
	Q2 FY2018 US\$	Q2 FY2017 US\$	1H FY2018 US\$	1H FY2017 US\$
(a) Based on weighted average number of ordinary shares on issue; and	0.08 cent	0.32 cent	0.20 cent	0.54 cent
(b) On a fully diluted basis	0.08 cent*	0.32 cent	0.20 cent*	0.54 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	272,196,579	271,662,227	272,501,910

* Diluted earnings per share for Q2 FY2018 and 1H FY2018 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 2018 US\$	31 Dec 2017 US\$	30 Jun 2018 US\$	31 Dec 2017 US\$
Net asset value per ordinary share based on issued share capital	20.69 cents	20.42 cents	21.64 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 for the six months ended 30 June 2018 ("1H FY2018") was US\$55.4 million from US\$57.4 million in the prior year ("1H FY2017") partly driven by slower orders from key customers in the US and expected delays for Very Small Aperture Terminal ("VSAT") projects. Revenue for the quarter ended ("Q2 FY2018") amounted to US\$26.5 million against US\$29.9 million in the prior year quarter ("Q2 FY2017").

Geographically, Group revenue for 1H FY2018 increased in Europe by US\$3.7 million (+37.1%) although offset by reductions in America, Asia and Rest of the World ("RoW") by US\$3.5 million (-8.5%), US\$0.6 million (-16.5%) and US\$1.6 million (-55.3%), respectively. Similarly, revenue for Q2 FY2018 increased in Europe by US\$1.8 million (+38.4%) but declined in America, Asia and RoW by US\$4.3 million (-19.4%), US\$0.3 million (-18.5%) and US\$0.6 million (-43.1%), respectively compared to the earlier year.

Reflecting the satellite broadcasting industry's growing adoption of the technological change to Digital Channel Stacking Switch ("DCSS"), the Group is now providing 100% DCSS product to its largest customer.

In addition to its provision of services for the Direct-to-Home ("DTH") market, 38.7% of its revenue in 1H FY2018 has been derived from the fast growing data/internet market including VSAT products where the Group holds a strong position following the acquisition of Global Skyware in FY2015.

Gross Profit

Gross profit margin improved 0.6 percentage point from 20.6% to 21.2% with gross profit for 1H FY2018 remaining level at US\$11.8 million on reduced revenue.

Similarly, for Q2 FY2018, gross profit margin improved by 2.1 percentage points from 19.4% to 21.5% from product mix and manufacturing improvements with gross profit remaining on a level with previous year at US\$5.7 million from US\$5.8 million on lower revenues.

Administrative Expenses

Administrative expenses for 1H FY2018 increased 2.9% to US\$10.6 million compared to US\$10.3 million in 1H FY2017, representing 19.2% and 18.0% of revenue, respectively, with more spent on research and development on new initiatives and projects. Administrative expenses for Q2 FY2018 maintained at US\$5.2 million compared to the previous year.

Other Operating Expenses

Other operating expenses in Q2 FY2018 derived primarily from foreign exchange losses and loss on disposal of machinery and equipment.

Profit Before Tax & Net Profit

The Group posted a profit before tax of US\$0.8 million in 1H FY2018, compared to US\$1.9 million the year earlier, representing margins of 1.4% and 3.3%, respectively. Excluding a one-off write-back of payables amounting to US\$0.6 million following the closure of the non-core subcontracting site in 1H FY2017, margins would be 1.4% and 2.3%, respectively.

For Q2 FY2018, the Group recorded US\$0.3 million profit before tax compared to US\$1.1 million in the prior year quarter, representing margins of 1.1% and 3.7%, respectively. Similarly, excluding the write-back of payables amounting to US\$0.6 million in Q2 FY2017, margins would be 1.1% and 1.7%, respectively.

Overall, the Group posted a net profit of US\$0.5 million in 1H FY2018, compared to US\$1.5 million in 1H FY2017, representing net margins of 1.0% and 2.6%, respectively. Excluding the write-back of payables amounting to US\$0.6 million following the closure of the non-core subcontracting site in 1H FY2017, margins would be 1.0% and 1.6%, respectively.

The Group recorded a net profit of US\$0.2 million in Q2 FY2018 compared to US\$0.9 million the prior year quarter, representing net margins of 0.8% and 2.9%, respectively. Excluding the write-back of payables amounting to US\$0.6 million following the closure of the non-core subcontracting site in Q2 FY2017, margins would be 0.8% and 1.0%, respectively.

Review of Financial Position

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

Net current assets increased by US\$1.8 million to US\$33.7 million as at 30 June 2018 compared to US\$31.9 million as at 31 December 2017. Inventories and trade and other receivables decreased by US\$0.5 million and US\$4.1 million, respectively, owing to tighter control and faster collections from the customers. Trade and other payables decreased by US\$0.8 million following the continuing rectification of trade supplier payments. Borrowings increased by US\$0.6 million to US\$8.6 million offset by an increase in cash and cash equivalents of US\$6.2 million to US\$13.4 million as at 30 June 2018 compared to US\$7.2 million as at 31 December 2017.

The Group's net asset value stood at US\$56.2 million as at 30 June 2018, compared to US\$55.5 million as at 31 December 2017.

Review of Cash Flows

In Q2 FY2018, net cash generated from operating activities amounted to US\$2.1 million, comprising US\$1.7 million cash inflow from operating activities (before working capital changes), US\$0.5 million net working capital inflow and US\$0.1 million payment of interest.

In 1H FY2018, net cash generated from operating activities amounted to US\$6.3 million, comprising US\$3.1 million cash inflow from operating activities (before working capital changes), US\$3.4 million net working capital inflow and US\$0.2 million payment of interest and income tax.

Net cash used in investing activities in Q2 FY2018 and 1H FY2018 amounted to US\$0.4 million and US\$0.6 million, respectively, relating predominately to purchase of machinery.

Net cash used in financing activities amounted to US\$0.8 million in Q2 FY2018 and net cash generated from financing activities amounted to US\$0.6 million in 1H FY2018, attributable to the net repayment and proceeds of borrowings, respectively.

Overall, the Group recorded a net increase in cash and cash equivalents amounting to US\$0.9 million and US\$6.3 million in Q2 FY2018 and 1H FY2018, respectively, bringing cash and cash equivalents per the consolidated statement of cash flows to US\$13.4 million as at 30 June 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.

According to the research report by MarketsandMarkets¹, the Satellite Communications (“Sat Comms”) equipment market – Global Forecast to 2022 – is estimated to be US\$20.2 billion in 2017, driven by the growing demand for dynamic and uninterrupted communication cross-industries. Moreover, as satellite equipment manufacturers leverage on infrastructure constraints to make available higher bandwidth (4K and developing 8K) amidst emerging trends including 5G convergence, the growth of autonomous vehicles and connected devices.

Amidst media reports that the growing popularity of OTT streaming, or ‘cord-cutting’, could threaten the satellite broadcasting industry, there is a growing consensus of co-existence with traditional pay TV. Instead of customer defection and direct substitute, the industry views OTT as a complementary layer to linear television services. Distribution and monetisation models are still evolving ahead of the advent of broadcasting technologies such as the UHD/4K transmissions and even 8K, amidst the ongoing migration of the satellite broadcasting industry to DCSS technology. These will require stable infrastructure that can handle spikes in bandwidth consumption. Sat Comms technology, which can save costly investments in terrestrial technology is able to distribute such content over many parts of the globe.

In the data/internet segment, the demand for high-bandwidth connectivity is growing worldwide as operators in developing countries seek lower-cost equipment to meet demand in emerging markets. The Group’s acquisitions recently, including Global Skyware in FY2015, recognised this fast-growing demand in this segment and has given it a strong position with this segment now accounting for close to 40% of revenues in 1H FY2018.

The DCSS technological shift and the demand for new, less costly data/internet components continues to underpin the Group’s commitment to R&D.

The forward strategy of the Group will revolve on:

- i) Rolling out product pipelines to include more advanced Sat Comms broadcasting equipment products to customers in Americas and Europe. These include DCSS products such as the new Western Arc Hybrid LNB, launched in 2H FY2017. Other new products – including slimline products and low-cost LNBS based on a new chip design – are expected to enter production throughout the rest of FY2018.
- ii) Developing and rolling out new products and antennas for satellite ground equipment for data and internet usage. Of the Group’s subsidiaries, Global Skyware will supply 100% new design antennas to its major customer from August 2018 and Foxcom recently launched its Hangar Repeater Solution to enable aircraft ground engineers to undertake 24/7 avionics testing of Inmarsat, Iridium and GPS satellite signals indoors.
- iii) Having achieved the financial turnaround of its US and Israel subsidiaries through operational refinement and cost reductions, the Group will further streamline the supply chain across its global footprint.
- iv) Refining product development across its global footprint to meet requirements and match demand in key markets. To this end, the Group announced on 1 June 2018 the appointment of Mr Malcolm John Burrell as Chief Technology Officer. Mr Burrell will remain Executive Director and Chief Risk Officer.

The Group will also increase investor engagement with a view to exiting the SGX-Watch List (having been included since June 2018 due to the Minimum Trading Price criterion).

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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 August 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.



Global Invacom Group Limited
("Global Invacom", the "Company" or the "Group")

Results for the six months ended 30 June 2018
("1H FY2018")

Global Invacom (SGX: QS9) (AIM: GINV), the global provider of satellite communications equipment, is pleased to announce its financial results for the six months ended 30 June 2018 ("1H FY2018") and three months ended 30 June 2018 ("Q2 FY2018").

Key financial highlights:

- The Company announced sixth consecutive quarter of profitability in Q2 FY2018
- Revenue remained stable at US\$55.4m (1H FY2017: US\$57.4m)
- Gross profit margin improved 0.6% point to 21.2% (1H FY2017: 20.6%)
- Gross profit constant at US\$11.8m (1H FY2017: US\$11.8m)
- Cash and cash equivalents of US\$13.4m (31 December 2017: US\$7.2m)

Key operational highlights:

- Continued progress and sales momentum from increased adoption of Digital Channel Stacking Switch ("DCSS") products
- Group continues to leverage and grow its existing position in the sizeable and expanding Very Small Aperture Terminal ("VSAT") market for data/internet by satellite
- Focused on further product deployment and diversification to expand the Group's product offering and geographical reach
- Appointment of Malcolm John Burrell as Chief Technology Officer, to drive new technology development in global satellite communications sector

The Group's sales reflected continued demand across the global footprint, with notable sales growth in Europe, particularly for VSAT and DCSS products.

The global market for satellite communications equipment remains robust, amidst a period of major industry-wide change. The transition of technology to DCSS products presents Global Invacom with a number of opportunities, in particular for ground equipment for Direct-to-Home ("DTH") television viewing via satellite, and the increased global demand for data/internet everywhere through its VSAT equipment.

The Group expects to roll out more advanced satellite broadcasting products in the US and Europe to meet growing demand for DCSS products as broadcasters continue to migrate to the new technology. The Group remains confident of its ability to capitalise on the opportunity through leveraging its customer relationships as the adoption of DCSS continues apace.

The Group also notes that despite a slowdown in the US, there is still a global increase in demand for DTH satellite broadcast services, and therefore demand from broadcasters for the associated equipment required to deliver services. The Group notes however that the US still has a sizeable target market with over 169 million pay TV subscribers¹ who are still transitioning to DCSS technology.

Demand for data/internet continues to grow globally, with VSAT technology key in delivering connectivity in many territories and geographies. In 1H FY2018, 38.7% of revenues for the Group were generated from sales of VSAT products around the world, and we continue to see demand increasing for these products across the Group's global footprint.

As one of only seven companies capable of delivering fully integrated satellite communications design, manufacture and innovation services, Global Invacom is well positioned in both markets to capitalise on the opportunity.

In the second half of 2018, the Group will continue to build on the manufacturing improvements made in 2017 and the first half of the year, and research and development will remain a key priority. In June 2018, Global Invacom announced the appointment of Malcolm John Burrell as Chief Technology Officer who will oversee the continued innovation to provide best in class solutions to broadcasters, developers and mobile systems integrators. Technological improvements such as the new slimline products will allow the Group to continue to improve margins and Global Invacom will continue to develop efficient and cost-effective products.

The first half of the year has also seen the successful roll out of the Group's Iridium In-hanger GPS solution through its wholly owned subsidiary Foxcom. Initially aimed at the aerospace sector, this product has broad applications and demonstrates the Group's ability to diversify into new markets.

Tony Taylor, Executive Chairman of Global Invacom, commented:

"The satellite ground equipment sector is undergoing a once-in-a-decade technological shift, and the company is very well placed to benefit. The innovative products that we are developing such as new slimline products, low-cost LNBS and new satellite antennas are in continual demand.

In the VSAT market, the Group is observing rising demand driven by developing countries and rural communities demanding enhanced connectivity where cable or fibre is not a viable solution, proving satellites can be an attractive option compared to other communication technologies.

Our core focus remains to leverage our position in the market to drive sales, and to continue driving R&D, to develop innovative, market leading products that meet customer demands. We have laid strong foundations in the first half of the year which will allow the Group to build momentum through the second half of FY2018 and beyond."

The full financial statements can be viewed on Global Invacom's website: www.globalinvacom.com

¹ CITE

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About Global Invacom Group Limited

Global Invacom is a fully integrated satellite equipment provider with six manufacturing plants across China, Israel, Malaysia, UK and the US. Its customers include satellite broadcasters such as BSkyB of the UK and Dish Network of the USA.

Global Invacom provides a full range of antennas, LNB receivers, fibre distribution equipment, transmitters, switches and video distribution components and electronics manufacturing services in satellite communications as well as manufacturing services in military, medical, and consumer electronics industries. Following the acquisition in 2015 of Global Skyware, a leading US-based designer and supplier of satellite antennas products and services, the Company became the world's only full-service outdoor unit supplier.

Global Invacom is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and its shares are admitted to trading on the AIM Market of the London Stock Exchange.

For more information, please refer to www.globalinvacom.com