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GLOBAL INVACOM GROUP LIMITED

(Incorporated in Singapore)

(Company Registration Number 200202428H)

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FINANCIAL STATEMENT ANNOUNCEMENT FOR Q4 AND YEAR ENDED 31 DECEMBER 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 Q4 and the year ended 31 December 2018. These figures have not been audited.

	Group			Group		
	Q4 FY2018 US\$'000	Q4 FY2017 US\$'000	Increase/ (Decrease) %	FY2018 US\$'000	FY2017 US\$'000	Increase/ (Decrease) %
Revenue	36,366	29,757	22.2	122,292	115,706	5.7
Cost of sales	(28,963)	(23,493)	23.3	(97,104)	(91,515)	6.1
Gross profit	7,403	6,264	18.2	25,188	24,191	4.1
Other income	482	335	43.9	569	1,335	(57.4)
Distribution costs	(69)	(27)	155.6	(322)	(290)	11.0
Administrative expenses	(6,514)	(5,405)	20.5	(22,913)	(20,950)	9.4
Other operating expenses	(21)	(47)	(55.3)	(14)	(139)	(89.9)
Finance income	46	16	187.5	96	30	220.0
Finance costs	(146)	(165)	(11.5)	(523)	(483)	8.3
Profit before income tax⁽ⁱ⁾	1,181	971	21.6	2,081	3,694	(43.7)
Income tax expense	(286)	(187)	52.9	(545)	(745)	(26.8)
Profit after income tax attributable to equity holders of the Company	895	784	14.2	1,536	2,949	(47.9)

Other comprehensive (loss)/income:

Items that may be reclassified subsequently to profit or loss

- Exchange differences on translation of foreign subsidiaries

	(483)	(38)	N.M.	(417)	114	N.M.
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Other comprehensive (loss)/income for the period, net of tax

	(483)	(38)	N.M.	(417)	114	N.M.
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Total comprehensive income for the period attributable to equity holders of the Company

	412	746	(44.8)	1,119	3,063	(63.5)
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N.M.: Not Meaningful

Note:

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

	Group			Group		
	Q4 FY2018 US\$'000	Q4 FY2017 US\$'000	Increase/ (Decrease) %	FY2018 US\$'000	FY2017 US\$'000	Increase/ (Decrease) %
Interest income	46	16	187.5	96	30	220.0
Interest expense	(146)	(165)	(11.5)	(523)	(483)	8.3
(Loss)/Gain on foreign exchange	(21)	325	N.M.	(9)	599	N.M.
Gain on bargain purchase	482	-	N.M.	482	-	N.M.
Write-back of payables	-	-	N.M.	73	578	(87.4)
Gain/(Loss) on disposal of property, plant and equipment	-	7	(100.0)	(5)	(6)	(16.7)
Impairment of property, plant and equipment	-	-	-	-	(86)	(100.0)
Depreciation of property, plant and equipment	(791)	(693)	14.1	(2,890)	(2,563)	12.8
Amortisation of intangible assets	(146)	(154)	(5.2)	(673)	(628)	7.2
Impairment of intangible assets	(93)	-	N.M.	(93)	-	N.M.
Write-back for inventory obsolescence, net	706	160	341.3	412	351	17.4
(Allowance)/Write-back for impairment of trade receivables, net	-	(46)	(100.0)	-	(46)	(100.0)
Operating lease expense	(706)	(595)	18.7	(3,212)	(2,857)	12.4
Research and development expense	(665)	(453)	46.8	(2,805)	(1,646)	70.4

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 Dec 2018 US\$'000	31 Dec 2017 US\$'000	31 Dec 2018 US\$'000	31 Dec 2017 US\$'000
ASSETS				
Non-current Assets				
Property, plant and equipment	12,606	12,393	85	7
Investments in subsidiaries	-	-	44,892	44,874
Goodwill	9,352	9,352	-	-
Intangible assets	3,656	2,172	-	-
Equity instruments	8	8	-	-
Deferred tax assets	109	198	-	-
Other receivables and prepayments	1,566	55	11,119	9,154
	27,297	24,178	56,096	54,035
Current Assets				
Due from subsidiaries	-	-	939	1,895
Inventories	31,625	29,022	-	-
Trade receivables	24,874	19,268	-	-
Other receivables and prepayments	1,900	3,361	3,433	5,263
Tax receivables	15	11	-	-
Cash and cash equivalents	8,381	7,152	526	733
	66,795	58,814	4,898	7,891
Total assets	94,092	82,992	60,994	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	(2,161)	(3,297)	(13,988)	(13,320)
Total equity	56,606	55,470	58,596	59,264
Non-current Liabilities				
Other payables	104	111	-	-
Deferred tax liabilities	406	489	-	-
	510	600	-	-
Current Liabilities				
Due to subsidiaries	-	-	2,109	2,140
Trade payables	19,381	12,206	-	-
Other payables	5,326	6,528	221	454
Borrowings	11,974	8,025	-	-
Provision for income tax	295	163	68	68
	36,976	26,922	2,398	2,662
Total liabilities	37,486	27,522	2,398	2,662
Total equity and liabilities	94,092	82,992	60,994	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 Dec 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
11,974	-	8,025	-

Amount repayable after one year

As at 31 Dec 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\$11,974,000 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	
	Q4 FY2018 US\$'000	Q4 FY2017 US\$'000	FY2018 US\$'000	FY2017 US\$'000
Cash Flows from Operating Activities				
Profit before income tax	1,181	971	2,081	3,694
Adjustments for:				
Depreciation of property, plant and equipment	791	693	2,890	2,563
Amortisation of intangible assets	146	154	673	628
(Gain)/Loss on disposal of property, plant and equipment	-	(7)	5	6
Impairment of property, plant and equipment	-	-	-	86
Impairment of intangible assets	93	-	93	-
Write-back for inventory obsolescence, net	(706)	(160)	(412)	(351)
Impairment of allowance for trade receivables	-	46	-	46
Unrealised exchange loss/(gain)	11	(230)	166	(203)
Interest income	(46)	(16)	(96)	(30)
Interest expense	146	165	523	483
Share-based payments	3	8	17	93
Gain on bargain purchase	(482)	-	(482)	-
Write-back of payables	-	-	(73)	(578)
Operating cash flow before working capital changes	1,137	1,624	5,385	6,437
Changes in working capital:				
Inventories	(2,134)	2,176	(2,191)	171
Trade receivables	(4,085)	(1,101)	(5,618)	(2,242)
Other receivables and prepayments	87	(1,056)	1,477	(242)
Trade and other payables	3,631	(2,260)	5,211	(4,867)
Cash (used in)/generated from operating activities	(1,364)	(617)	4,264	(743)
Interest paid	(56)	(58)	(227)	(333)
Income tax (paid)/refund	(131)	255	(271)	205
Net cash (used in)/generated from operating activities	(1,551)	(420)	3,766	(871)
Cash Flows from Investing Activities				
Interest received	37	16	85	30
Purchase of property, plant and equipment	839	(593)	(1,533)	(1,923)
Proceeds from disposal of property, plant and equipment	-	23	36	55
Decrease in intangible assets	2,250	-	-	-
Acquisition of a business	(3,500)	-	(3,500)	-
Investment in convertible notes	(1,500)	-	(1,500)	-
Decrease in restricted cash	-	-	-	1,200
Net cash used in investing activities	(1,874)	(554)	(6,412)	(638)
Cash Flows from Financing Activities				
Proceeds from borrowings	16,093	8,216	54,686	49,193
Repayment of borrowings	(14,088)	(8,913)	(50,811)	(47,276)
Net cash generated from/(used in) financing activities	2,005	(697)	3,875	1,917
Net (decrease)/increase in cash and cash equivalents	(1,420)	(1,671)	1,229	408
Cash and cash equivalents at the beginning of the period	9,772	8,873	7,152	6,742
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	29	(50)	-	2
Cash and cash equivalents at the end of the period⁽ⁱ⁾	8,381	7,152	8,381	7,152

Note:

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

	Q4	Q4	FY2018	FY2017
	FY2018	FY2017	US\$'000	US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000
Cash and bank balances	8,351	7,122	8,351	7,122
Fixed deposits	30	30	30	30
	<u>8,381</u>	<u>7,152</u>	<u>8,381</u>	<u>7,152</u>
Less: Restricted cash	-	-	-	-
Cash and cash equivalents per the consolidated statement of cash flows	<u>8,381</u>	<u>7,152</u>	<u>8,381</u>	<u>7,152</u>

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
Share-based payments	-	-	-	-	3	-	-	-	3
Profit for the period	-	-	-	-	-	-	-	109	109
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	(127)	-	(127)
Total other comprehensive loss for the period	-	-	-	-	-	-	(127)	109	(18)
Balance as at 30 Sep 2018	60,423	(1,656)	(10,150)	6	720	(3,695)	(806)	11,349	56,191
Share-based payments	-	-	-	-	3	-	-	-	3
Transfer to capital reserve in accordance with statutory requirements	-	-	-	-	-	135	-	(135)	-
Profit for the period	-	-	-	-	-	-	-	895	895
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	(483)	-	(483)
Total other comprehensive income for the period	-	-	-	-	-	-	(483)	895	412
Balance as at 31 Dec 2018	60,423	(1,656)	(10,150)	6	723	(3,560)	(1,289)	12,109	56,606

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 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
Share-based payments	-	-	-	-	10	-	-	-	10
Profit for the period	-	-	-	-	-	-	-	687	687
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	44	-	44
Total other comprehensive income for the period	-	-	-	-	-	-	44	687	731
Balance as at 30 Sep 2017	60,423	(1,656)	(10,150)	6	698	(3,695)	(834)	9,924	54,716
Share-based payments	-	-	-	-	8	-	-	-	8
Profit for the period	-	-	-	-	-	-	-	784	784
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	(38)	-	(38)
Total other comprehensive income for the period	-	-	-	-	-	-	(38)	784	746
Balance as at 31 Dec 2017	60,423	(1,656)	(10,150)	6	706	(3,695)	(872)	10,708	55,470

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
Share-based payments	-	-	3	-	-	-	3
Loss for the period	-	-	-	-	-	(205)	(205)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(205)	(205)
Balance as at 30 Sep 2018	74,240	(1,656)	720	(4,481)	(1,927)	(8,297)	58,599
Share-based payments	-	-	3	-	-	-	3
Loss for the period	-	-	-	-	-	(6)	(6)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(6)	(6)
Balance as at 31 Dec 2018	74,240	(1,656)	723	(4,481)	(1,927)	(8,303)	58,596

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 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
Share-based payments	-	-	10	-	-	-	10
Loss for the period	-	-	-	-	-	(371)	(371)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(371)	(371)
Balance as at 30 Sep 2017	74,240	(1,656)	698	(4,481)	(1,927)	(7,506)	59,368
Share-based payments	-	-	8	-	-	-	8
Loss for the period	-	-	-	-	-	(112)	(112)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(112)	(112)
Balance as at 31 Dec 2017	74,240	(1,656)	706	(4,481)	(1,927)	(7,618)	59,264

- 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.

FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 31 Dec 2018	271,662,227	72,584
FY2017	No. of shares	US\$'000
Balance as at 1 Jan 2017 and 31 Dec 2017	271,662,227	72,584

There were 10,740,072 treasury shares held by the Company as at 31 December 2018 and 31 December 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 Dec 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.

FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 31 Dec 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.

FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 31 Dec 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 31 December 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	
	Q4 FY2018 US\$	Q4 FY2017 US\$	FY2018 US\$	FY2017 US\$
(a) Based on weighted average number of ordinary shares on issue; and	0.33 cent	0.29 cent	0.57 cent	1.09 cents
(b) On a fully diluted basis	0.33 cent*	0.29 cent*	0.57 cent*	1.08 cents
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	224,888,356	271,662,227	271,915,839

* Diluted earnings per share for Q4 FY2018 and 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	
	31 Dec 2018 US\$	31 Dec 2017 US\$	31 Dec 2018 US\$	31 Dec 2017 US\$
Net asset value per ordinary share based on issued share capital	20.84 cents	20.42 cents	21.57 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 year ended 31 December 2018 ("FY2018") increased by US\$6.6 million to US\$122.3 million from US\$115.7 million in the prior year ("FY2017"). Revenue for the quarter ended ("Q4 FY2018") amounted to US\$36.4 million against US\$29.8 million in the prior year quarter ("Q4 FY2017"). The increases, in particular that for Q4 FY2018, have arisen from supply of new designs for key products to some of our major customers.

Geographically, Group revenue for FY2018 increased in America and Europe by US\$4.8 million (+5.9%) and US\$3.3 million (+14.0%), respectively, offset by reductions in Asia and Rest of the World ("RoW") by US\$1.4 million (-20.7%) and US\$0.1 million (-3.2%), respectively. Revenue for Q4 FY2018 increased in America, Europe and RoW by US\$5.3 million (+25.3%), US\$0.2 million (+3.8%) and US\$1.5 million (+175.3%), respectively but declined in Asia by US\$0.4 million (-32.5%) compared to the earlier year.

Gross Profit

Gross profit margin decreased 0.3 percentage points from 20.9% to 20.6% with gross profit for FY2018 at US\$25.2 million against US\$24.2 million for FY2017.

For Q4 FY2018, gross profit margin decreased by 0.7 percentage points from 21.1% to 20.4% with gross profit at US\$7.4 million against US\$6.3 million for Q4 FY2017.

The shortage of key components continued to impact the Group where demand has outstripped supply. Our US operation experienced increased steel prices resulting from the US-China tariff imposition, and a broken tool resulted in high expediting, freight and duty costs which impacted the Group's margin by US\$2.1 million during the quarter.

Other Income

Other income in Q4 FY2018 pertained to a bargain purchase price gain as a result of the acquisition of business from Skyware Technologies at the end of Q3 FY2018.

Administrative Expenses

Administrative expenses for FY2018 increased 9.4% to US\$22.9 million compared to US\$21.0 million in FY2017, representing 18.7% and 18.1% of revenue, respectively, with continued spending on new product introduction through research and development (Q4 FY2018 – US\$0.7 million; Q4 FY2017 – US\$0.5 million; FY2018 - US\$2.8 million; FY2017 – US\$1.6 million) being a major contributor. In Q4 FY2018, the UK tax authorities finalised an enquiry from 2010, which resulted in a P&L liability of US\$254 thousand. The enquiry related to a subsidiary for a period prior to the Group acquisition so the cash to pay this liability was secured and held in escrow. Administrative expenses for Q4 FY2018 increased to US\$6.5 million from US\$5.4 million compared to the previous year.

Other operating expenses

Other operating expenses in Q4 FY2018 derived primarily from foreign exchange losses.

Profit Before Tax & Net Profit

The Group posted a profit before tax of US\$2.1 million in FY2018, compared to US\$3.7 million the year earlier, representing margins of 1.7% and 3.2%, respectively. For Q4 FY2018, the Group recorded US\$1.2 million profit before tax compared to US\$1.0 million in the prior year quarter, representing margins of 3.2% and 3.3%, respectively.

Overall, the Group posted a net profit of US\$1.5 million in FY2018, compared to US\$2.9 million in FY2017, representing net margins of 1.3% and 2.5%, respectively. The Group recorded a net profit of US\$0.9 million in Q4 FY2018 compared to US\$0.8 million the prior year quarter, representing net margins of 2.5% and 2.6%, respectively.

Review of Financial Position

Non-current assets increased by US\$3.1 million to US\$27.3 million as at 31 December 2018, due to the intangibles acquired in 2018 from Skyware Technologies and the convertible loans subscribed in Tactilis Sdn. Bhd.

Net current assets decreased by US\$2.1 million to US\$29.8 million as at 31 December 2018 compared to US\$31.9 million as at 31 December 2017. Inventories and trade and other receivables increased by US\$2.6 million and US\$4.1 million, respectively, in preparation of the orders in 2019 and in line with the increased sales towards the end of the year. Trade and other payables increased US\$6.1 million due to late quarter purchases as well as stringent payments to the trade suppliers. To ease the working capital, borrowings increased by US\$3.9 million to US\$12.0 million, offset by an increase in cash and cash equivalents of US\$1.2 million to US\$8.4 million as at 31 December 2018 compared to US\$7.2 million as at 31 December 2017.

The Group's net asset value stood at US\$56.6 million as at 31 December 2018, compared to US\$55.5 million as at 31 December 2017.

Review of Cash Flows

In Q4 FY2018, net cash used in operating activities amounted to US\$1.6 million, comprising US\$1.1 million cash inflow from operating activities (before working capital changes), US\$2.5 million net working capital outflow and US\$0.2 million payment of interest and income tax.

In FY2018, net cash generated from operating activities amounted to US\$3.8 million, comprising US\$5.4 million cash inflow from operating activities (before working capital changes), US\$1.1 million net working capital outflow and US\$0.5 million payment of interest and income tax.

Net cash used in investing activities in Q4 FY2018 and FY2018 amounted to US\$1.9 million and US\$6.4 million, respectively, relating predominately to purchase of machinery, the acquisition of Skyware Technologies and investment in convertible notes in Tactilis Sdn. Bhd.

Net cash generated from financing activities amounted to US\$2.0 million in Q4 FY2018 and US\$3.9 million in FY2018, attributable to the net proceeds of borrowings.

Overall, the Group recorded a net decrease in cash and cash equivalents amounting to US\$1.4 million in Q4 FY2018 and a net increase in cash and cash equivalents amounting to US\$1.2 million in FY2018, bringing cash and cash equivalents per the consolidated statement of cash flows to US\$8.4 million as at 31 December 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.

Growth of the global satellite communications equipment market is expected to continue over the coming years, underpinned by worldwide expansion in the IT and telecommunication sectors. Satellite communications continues to be an integral part of modern technology, amid the emerging trends of 5G convergence, Ultra High Definition/4K transmission, autonomous self-navigating vehicles and interconnected electronic devices.

The satellite broadcasting sector is still undergoing its technological shift towards DCSS products. However, the pace of this transition has been slower than expected. This shift is taking place amidst a greater emphasis on price competitiveness and improved product performance. In the past few years, the Group has been developing and rolling out a series of reduced form factor products to address these issues which exceed customer expectations. This new range of products provide the prospect of better margins arising from ongoing operational improvements, and the reduced form factor which should lead to a lower cost of raw materials.

During Q4 FY2018, the Group recorded higher volume of shipments for the recently launched Western Arc Slimline Low Noise Block ("LNB") to a major U.S. customer. The Group will continue to be the sole supplier for this product to this customer until the end of Q1 FY2019. Reflecting confidence in the Group's product quality and capabilities, shipments of the Eastern Arc model have also commenced to the same customer from Q1 FY2019.

Data over satellite continues to be important for the Group which made shipments of its new 90 cm satellite antenna throughout FY2018, as sole supplier, to another U.S. customer. Shipments on a non-exclusive basis are expected to continue throughout FY2019 and beyond.

In addition, one of the Group's existing customers, a major global VSAT integrator, which has been purchasing antennas from the Group, has now added new orders for data over satellite transceiver electronics resulting from the Skyware Technologies purchase in Q3 FY2018. The Group anticipates that overall VSAT shipments in FY2019 will exceed that of FY2018.

Our U.S. operations faced supply chain issues in Q4 FY2018 which impacted profitability. Had it not been for these issues, gross profit for Q4 FY2018 would have been higher for Global Skyware, which nonetheless closed off FY2018 with a second year of profitability, following a turnaround that resulted from changes to operations since FY2016.

The Group had announced in 4Q FY2018 a proposal to acquire Tactilis Sdn. Bhd., a manufacturer and distributor of biometric system-on-card solutions which, if completed, will constitute a reverse takeover. Subsequent to the end of the review period the Group appointed a Financial Adviser. The Group will provide further updates on this transaction in due course.

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 year ended 31 December 2018.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

13(a) Reportable Operating Segments

The business of the Group is organised into the following product segments:

- Satellite Communications ("Sat Comms")
- Contract Manufacturing ("CM")

For management purposes, the Group is organised into business segments based on their products as the Group's risks and rates of return are affected predominantly by differences in the products produced. Each product segment represents a strategic business unit and management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results represent the profit earned by each segment without allocation of finance income/costs and taxation. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprised mainly corporate assets and liabilities, borrowings and income taxes. Segment revenue includes transfers between operating segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. The transfers are eliminated on consolidation. No operating segments have been aggregated to form the following reportable operating segments.

FY2018	Sat Comms US\$'000	CM US\$'000	Group US\$'000
Revenue	114,110	8,182	122,292
Operating profit/(loss)	2,682	(174)	2,508
Finance income			96
Finance costs			(523)
Income tax expense			(545)
Profit for the year			1,536
Gain on bargain purchase	482	-	482
Amortisation of intangible assets	673	-	673
Depreciation of property, plant and equipment	2,729	161	2,890
Addition to property, plant and equipment	1,468	65	1,533
Impairment of intangible assets	93	-	93
Write-back for inventory obsolescence, net	(412)	-	(412)
Assets and liabilities			
Segment assets	85,054	6,507	91,561
<u>Unallocated assets</u>			
- Non-current assets			1,597
- Other receivables			230
- Deferred tax assets			109
- Cash and cash equivalents			580
- Tax receivables			15
Total assets			94,092

FY2018	Sat Comms US\$'000	CM US\$'000	Group US\$'000
Segment liabilities	21,229	3,300	24,529
<u>Unallocated liabilities</u>			
- Other payables			282
- Provision for income tax			295
- Deferred tax liabilities			406
- Borrowings			11,974
Total liabilities			37,486
FY2017			
Revenue	109,314	6,392	115,706
Operating profit	3,494	653	4,147
Finance income			30
Finance costs			(483)
Income tax expense			(745)
Profit for the year			2,949
Amortisation of intangible assets	628	-	628
Depreciation of property, plant and equipment	2,479	84	2,563
Addition to property, plant and equipment	1,816	107	1,923
Impairment of property, plant and equipment	-	86	86
Write-back for inventory obsolescence, net	(351)	-	(351)
Allowance for impairment of trade receivables, net	46	-	46
Assets and liabilities			
Segment assets	73,930	7,857	81,787
<u>Unallocated assets</u>			
- Non-current assets			9
- Other receivables			254
- Deferred tax assets			198
- Cash and cash equivalents			733
- Tax receivables			11
Total assets			82,992
Segment liabilities	16,641	1,711	18,352
<u>Unallocated liabilities</u>			
- Other payables			493
- Provision for income tax			163
- Deferred tax liabilities			489
- Borrowings			8,025
Total liabilities			27,522

13(b) Geographical Information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

FY2018	America US\$'000	Europe US\$'000	Asia US\$'000	Rest of the World US\$'000	Group US\$'000
Revenue	85,831	27,006	5,210	4,245	122,292
Non-current assets	4,689	16,562	5,818	111	27,180

FY2017	America US\$'000	Europe US\$'000	Asia US\$'000	Rest of the World US\$'000	Group US\$'000
Revenue	81,066	23,687	6,569	4,384	115,706
Non-current assets	5,256	15,941	2,661	114	23,972

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8.

15. A breakdown of sales.

		FY2018 US\$'000	FY2017 US\$'000	% increase/ (decrease)
(a)	Sales reported for first half year	55,396	57,424	(3.5)
(b)	Operating profit after income tax before deducting minority interests reported for first half year	532	1,478	(64.0)
(c)	Sales reported for second half year	66,896	58,282	14.8
(d)	Operating profit after income tax before deducting minority interests reported for second half year	1,004	1,471	(31.7)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2018 US\$'000	FY2017 US\$'000
Ordinary	-	-
Preference	-	-
Total Annual Dividend	-	-

- 17. 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 year ended 31 December 2018.

- 18. 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.

- 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Neither Global Invacom Group Limited nor any of its principal subsidiaries have any person occupying a managerial position who is related to a director, chief executive officer or substantial shareholder.

BY ORDER OF THE BOARD

Anthony Brian Taylor
Executive Chairman

1 March 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.



Global Invacom Records Eighth Consecutive Quarter of Profitability in Q4 FY2018

Singapore/London, 1 March 2019 – Global Invacom (SGX:QS9) (AIM:GINV), the global provider of satellite communications, is pleased to announce its results for the full year ended 31 December 2018 (“FY2018”) and the three months ended 31 December 2018 (“Q4 FY2018”).

The Group recorded their eighth consecutive quarter of net profit attributable to shareholders of US\$0.9 million, a 14.2% increase from the three months ended 31 December 2017 (“Q4 FY2017”), lifted by higher revenue which grew 22.2% to US\$36.4 million in Q4 FY2018. Revenue for the full year of FY2018 increased by US\$6.6 million or 5.7% to US\$122.3 million from US\$115.7 million in the prior year (“FY2017”). The rise in revenue, particularly for Q4 FY2018, was mainly due to the supply of new designs for key products to some of the Group’s major customers.

Gross profit (“GP”) saw an 18.2% increase to US\$7.4 million from US\$6.3 million in the previous corresponding quarter. Gross profit margin dipped slightly by 0.7 percentage points from 21.1% to 20.4% in the same period.

In Q4 FY2018, the Group recorded higher volume of shipments for its recently launched Western Arc Slimline Low Noise Block (LNB) to a major U.S. customer. The Group will remain the sole supplier to this customer until end of Q1 FY2019. Reflecting confidence in the Group’s product quality and capabilities, shipments of the Eastern Arc model have also commenced from Q1 FY2019 to this same customer.

Data over satellite continues to be important for the Group, having made shipments of its new 90 cm satellite antenna throughout FY2018, as sole supplier, to another U.S. customer. Shipments on a non-exclusive basis are expected to continue throughout FY2019 and beyond.

In addition, one of the Group’s existing customers, a major global VSAT integrator, which has been purchasing antennas from the Group, has now added new orders for data over satellite transceiver electronics resulting from the Skyware Technologies purchase in Q3 FY2018.

Mr. Tony Taylor, Executive Chairman of Global Invacom, commented, “Notwithstanding the slower pace of the transition to DCSS products, growth of the satellite communications equipment market will continue. With the emerging trends of the Internet of Things, 5G and autonomous vehicles, satellite communications technology will continue to be a vital part of modern society, and we are in a good position to capitalise on the growing demand in this market.

“We will continue to build on our foundation as the leading global manufacturer of satellite equipment by developing new and innovative products that address the customer’s needs,” he added.

On a geographical basis, FY2018 revenue increased in the U.S. and Europe by US\$4.8 million (+5.9%) and US\$3.3 million (+14.0%), respectively, which were offset by decreases in Asia and Rest of the World by US\$1.4 million (-20.7%) and US\$0.1 million (-3.2%), respectively.

The Group's GP for FY2018 rose to US\$25.2 million from US\$24.2 million last year ("FY2017"). However, GP margin decreased by 0.3 percentage points from 20.9% to 20.6% for FY2018 due to cost of sales outpacing revenue growth.

Global Invacom's U.S. operations faced supply chain issues in Q4 FY2018 which impacted profitability. Had it not been for these issues, GP for Q4 FY2018 would have been higher for Global Skyware which, nonetheless, closed off FY2018 with a second year of profitability, following a turnaround that resulted from changes to operations since FY2016.

The Group's continuing emphasis on product development through R&D spending contributed to the 9.4% increase in administrative expenses for FY2018 to US\$22.9 million from US\$21.0 million in FY2017.

Earnings per share on a fully diluted basis declined to 0.57 US cent for FY2018 (FY2017: 1.08 US cents). Net asset value per share increased to 20.84 US cents as at 31 December 2018 from 20.42 US cents as at 31 December 2017. The Group's cash and cash equivalents amounted to US\$8.4 million as at 31 December 2018.

The Group had announced in Q4 FY2018 a proposal to acquire Tactilis Sdn. Bhd., a manufacturer and distributor of biometric system-on-card solutions which, if completed, will constitute a reverse takeover. Subsequent to the end of the review period, the Group appointed a Financial Adviser. The Group will provide further updates on this transaction in due course.

****End of Press Release****

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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 and Data over Satellite providers including Hughes Network Systems, Viasat and Gilat Satellite Networks.

Global Invacom provides a full range of antennas, LNB receivers, transceivers, 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