



GLOBAL INVACOM GROUP LIMITED

(Incorporated in Singapore)
(Company Registration Number 200202428H)
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FINANCIAL STATEMENT ANNOUNCEMENT FOR Q3 AND NINE MONTHS ENDED 30 SEPTEMBER 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 Q3 and nine months ended 30 September 2018.
These figures have not been audited.

	Group			Group		
	Q3 FY2018 US\$'000	Q3 FY2017 US\$'000	Increase/ (Decrease) %	9 Months FY2018 US\$'000	9 Months FY2017 US\$'000	Increase/ (Decrease) %
Revenue	30,530	28,525	7.0	85,926	85,949	(0.0)
Cost of sales	(24,516)	(22,427)	9.3	(68,141)	(68,022)	0.2
Gross profit	6,014	6,098	(1.4)	17,785	17,927	(0.8)
Other income	76	99	(23.2)	99	1,007	(90.2)
Distribution costs	(73)	(34)	114.7	(253)	(263)	(3.8)
Administrative expenses	(5,789)	(5,230)	10.7	(16,399)	(15,545)	5.5
Other operating expenses	-	-	0.0	(5)	(99)	(94.9)
Finance income	6	4	50.0	50	14	257.1
Finance costs	(130)	(111)	17.1	(377)	(318)	18.6
Profit before income tax⁽ⁱ⁾	104	826	(87.4)	900	2,723	(66.9)
Income tax credit/(expense)	5	(139)	N.M.	(259)	(558)	(53.6)
Profit after income tax attributable to equity holders of the Company	109	687	(84.1)	641	2,165	(70.4)

Other comprehensive (loss)/income:

Items that may be reclassified subsequently to profit or loss

- Exchange differences on translation of foreign subsidiaries

(127)	44	N.M.	66	152	(56.6)
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Other comprehensive (loss)/income for the period, net of tax

(127)	44	N.M.	66	152	(56.6)
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Total comprehensive (loss)/income for the period attributable to equity holders of the Company

(18)	731	N.M.	707	2,317	(69.5)
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N.M.: Not Meaningful

Note:

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

	Group			Group		
	Q3 FY2018 US\$'000	Q3 FY2017 US\$'000	Increase/ (Decrease) %	9 Months FY2018 US\$'000	9 Months FY2017 US\$'000	Increase/ (Decrease) %
Interest income	6	4	50.0	50	14	257.1
Interest expense	(130)	(111)	17.1	(377)	(318)	18.6
Gain on foreign exchange	8	90	(91.1)	28	274	(89.8)
Write-back of payables	73	-	N.M.	73	578	(87.4)
Gain/(Loss) on disposal of property, plant and equipment	8	7	14.3	(5)	(13)	(61.5)
Impairment of property, plant and equipment	-	-	-	-	(86)	(100.0)
Depreciation of property, plant and equipment	(696)	(648)	7.4	(2,099)	(1,870)	12.2
Amortisation of intangible assets	(176)	(166)	6.0	(527)	(474)	11.2
(Allowance)/Write-back for inventory obsolescence, net	(140)	(72)	94.4	(294)	191	N.M.
Operating lease expense	(789)	(651)	21.2	(2,506)	(2,262)	10.8
Research and development expense	(827)	(390)	112.1	(2,140)	(1,193)	79.4

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	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current Assets				
Property, plant and equipment	12,639	12,393	94	7
Investments in subsidiaries	-	-	44,888	44,874
Goodwill	9,352	9,352	-	-
Equity instruments	3,866	2,172	-	-
Available-for-sale financial assets	8	8	-	-
Deferred tax assets	198	198	-	-
Other receivables and prepayments	55	55	9,488	9,154
	<u>26,118</u>	<u>24,178</u>	<u>54,470</u>	<u>54,035</u>
Current Assets				
Due from subsidiaries	-	-	987	1,895
Inventories	28,785	29,022	-	-
Trade receivables	20,787	19,268	-	-
Other receivables and prepayments	1,964	3,361	5,405	5,263
Tax receivables	-	11	-	-
Cash and cash equivalents	9,772	7,152	165	733
	<u>61,308</u>	<u>58,814</u>	<u>6,557</u>	<u>7,891</u>
Total assets	<u>87,426</u>	<u>82,992</u>	<u>61,027</u>	<u>61,926</u>
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	(2,576)	(3,297)	(13,985)	(13,320)
Total equity	<u>56,191</u>	<u>55,470</u>	<u>58,599</u>	<u>59,264</u>
Non-current Liabilities				
Other payables	103	111	-	-
Deferred tax liabilities	489	489	-	-
	<u>592</u>	<u>600</u>	<u>-</u>	<u>-</u>
Current Liabilities				
Due to subsidiaries	-	-	2,146	2,140
Trade payables	16,284	12,206	-	-
Other payables	4,326	6,528	214	454
Borrowings	9,895	8,025	-	-
Provision for income tax	138	163	68	68
	<u>30,643</u>	<u>26,922</u>	<u>2,428</u>	<u>2,662</u>
Total liabilities	<u>31,235</u>	<u>27,522</u>	<u>2,428</u>	<u>2,662</u>
Total equity and liabilities	<u>87,426</u>	<u>82,992</u>	<u>61,027</u>	<u>61,926</u>

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 Sep 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
9,895	-	8,025	-

Amount repayable after one year

As at 30 Sep 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Details of any collateral

The revolving credit loans of US\$9,895,000 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	
	Q3 FY2018 US\$'000	Q3 FY2017 US\$'000	9 Months FY2018 US\$'000	9 Months FY2017 US\$'000
Cash Flows from Operating Activities				
Profit before income tax	104	826	900	2,723
Adjustments for:				
Depreciation of property, plant and equipment	696	648	2,099	1,870
Amortisation of intangible assets	176	166	527	474
(Gain)/Loss on disposal of property, plant and equipment	(8)	(7)	5	13
Impairment of property, plant and equipment	-	-	-	86
Allowance/(Write-back) for inventory obsolescence, net	140	72	294	(191)
Unrealised exchange (gain)/loss	(55)	9	155	26
Interest income	(6)	(4)	(50)	(14)
Interest expense	130	111	377	318
Share-based payments	3	10	14	85
Write-back of payables	(73)	-	(73)	(578)
Operating cash flow before working capital changes	1,107	1,831	4,248	4,812
Changes in working capital:				
Inventories	(393)	(1,275)	(57)	(2,005)
Trade receivables	(4,041)	(1,112)	(1,533)	(1,140)
Other receivables and prepayments	(250)	(1,311)	1,390	813
Trade and other payables	2,682	811	1,580	(2,606)
Cash (used in)/generated from operating activities	(895)	(1,056)	5,628	(126)
Interest paid	(52)	(58)	(171)	(275)
Income tax (paid)/refund	(61)	85	(140)	(50)
Net cash (used in)/generated from operating activities	(1,008)	(1,029)	5,317	(451)
Cash Flows from Investing Activities				
Interest received	4	4	48	14
Purchase of property, plant and equipment	(1,661)	(469)	(2,372)	(1,330)
Proceeds from disposal of property, plant and equipment	8	5	36	32
Acquisition of intangible assets	(2,250)	-	(2,250)	-
Decrease in restricted cash	-	200	-	1,200
Net cash used in investing activities	(3,899)	(260)	(4,538)	(84)
Cash Flows from Financing Activities				
Proceeds from borrowings	14,323	12,435	38,593	40,977
Repayment of borrowings	(13,023)	(12,225)	(36,723)	(38,363)
Net cash generated from financing activities	1,300	210	1,870	2,614
Net (decrease)/increase in cash and cash equivalents	(3,607)	(1,079)	2,649	2,079
Cash and cash equivalents at the beginning of the period	13,386	9,933	7,152	6,742
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(7)	19	(29)	52
Cash and cash equivalents at the end of the period⁽ⁱ⁾	9,772	8,873	9,772	8,873

Note:

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

	Q3 FY2018 US\$'000	Q3 FY2017 US\$'000	9 Months FY2018 US\$'000	9 Months FY2017 US\$'000
Cash and bank balances	9,742	8,843	9,742	8,843
Fixed deposits	30	30	30	30
	<u>9,772</u>	<u>8,873</u>	<u>9,772</u>	<u>8,873</u>
Less: Restricted cash	-	-	-	-
Cash and cash equivalents per the consolidated statement of cash flows	<u>9,772</u>	<u>8,873</u>	<u>9,772</u>	<u>8,873</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
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

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
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

- 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.

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

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

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

9 Months FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 30 Sep 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.

9 Months FY2018	No. of shares	US\$'000
Balance as at 1 Jan 2018 and 30 Sep 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 September 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	
	Q3 FY2018 US\$	Q3 FY2017 US\$	9 Months FY2018 US\$	9 Months FY2017 US\$
(a) Based on weighted average number of ordinary shares on issue; and	0.04 cent	0.25 cent	0.24 cent	0.80 cent
(b) On a fully diluted basis	0.04 cent*	0.25 cent	0.24 cent*	0.80 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	272,247,261	271,662,227	272,092,244

* Diluted earnings per share for Q3 FY2018 and 9 Months 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 Sep 2018 US\$	31 Dec 2017 US\$	30 Sep 2018 US\$	31 Dec 2017 US\$
Net asset value per ordinary share based on issued share capital	20.68 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 nine months ended 30 September 2018 ("9M FY2018") was US\$85.9 million against a similar US\$85.9 million in the prior year ("9M FY2017"). Although the Group has seen increased revenues with some key customers, it has seen a quiet nine months in relation to project-driven Very Small Aperture Terminal ("VSAT")/Data over Satellite ("DOS") revenues generally from which it benefitted in 9M FY2017. Revenue for the quarter ended ("Q3 FY2018") amounted to US\$30.5 million against US\$28.5 million in the prior year quarter ("Q3 FY2017") benefitting from good revenues to its major customers arising from new product sales.

Geographically, Group revenue for 9M FY2018 increased in Europe by US\$3.1 million (+18.1%) although offset by reductions in America, Asia and Rest of the World ("RoW") by US\$0.5 million (-0.9%), US\$1.0 million (-18.0%) and US\$1.6 million (-45.1%), respectively. Revenue for Q3 FY2018 increased in America and RoW by US\$2.9 million (+15.2%) and US\$0.1 million (+8.0%), respectively but declined in Europe and Asia by US\$0.6 million (-9.0%) and US\$0.4 million (-21.4%), respectively compared to the earlier year.

The Group saw a pickup in demand from one of its major customers following the traditionally quieter summer period as the end consumers prepares for the new United States ("US") football season and earlier evenings. For another one of its major customers, the Group has fully converted its supply to its new design antenna which gives significant benefits to the customer.

The DOS business of the Group continues to contribute well making up 38.3% of Q3 FY2018 revenue and it is expected that this will continue to grow with the addition of electronics to go with the antennas for which the Group already has a strong market.

Gross Profit

Gross profit margin decreased 0.2 percentage points from 20.9% to 20.7% with gross profit for 9M FY2018 at US\$17.8 million against US\$17.9 million for 9M FY2017.

However, for Q3 FY2018, gross profit margin decreased by 1.7 percentage points from 21.4% to 19.7% with gross profit remaining on a level with previous year at US\$6.0 million from US\$6.1 million on lower revenues. Gross margins have been heavily impacted following the shortage of key components in the market where demand, particularly from automotive manufacturers, has outstripped supply. As a result, the Group has had to make spot buys at pricing in excess of the market norm to ensure continuity of supply. The Group has also seen the impact of increased duty charges for products manufactured in China which are being supplied to the US as part of the Trade War actions from President Trump.

Other Income

Other income in Q3 FY2018 relate to write-back of payables, foreign exchange gains and gain on disposal of machinery and equipment.

Administrative Expenses

Administrative expenses for 9M FY2018 increased 5.5% to US\$16.4 million compared to US\$15.5 million in 9M FY2017, representing 19.1% and 18.1% of revenue, respectively, with continued spending on research and development on new initiatives and projects (Q3 FY2018 – US\$0.8 million; Q3 FY2017 – US\$0.4 million; 9M FY2018 US\$2.1 million; 9M FY2017 – US\$1.2 million) and a drive to strengthen the Group sales teams. Administrative expenses for Q3 FY2018 increased to US\$5.8 million from US\$5.2 million compared to the previous year.

Profit Before Tax & Net Profit

The Group posted a profit before tax of US\$0.9 million in 9M FY2018, compared to US\$2.7 million the year earlier, representing margins of 1.0% and 3.2%, 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 9M FY2017, margins would be 1.0% and 2.5%, respectively.

For Q3 FY2018, the Group recorded US\$0.1 million profit before tax compared to US\$0.8 million in the prior year quarter, representing margins of 0.3% and 2.9%, respectively.

Overall, the Group posted a net profit of US\$0.6 million in 9M FY2018, compared to US\$2.2 million in 9M FY2017, representing net margins of 0.7% and 2.5%, respectively. Excluding the write-back of payables amounting to US\$0.6 million in 9M FY2017, margins would be 0.7% and 1.8%, respectively.

The Group recorded a net profit of US\$0.1 million in Q3 FY2018 compared to US\$0.7 million the prior year quarter, representing net margins of 0.4% and 2.4%, respectively.

Review of Financial Position

Non-current assets increased by US\$1.9 million to US\$26.1 million as at 30 September 2018, primarily due to the intangibles acquired in Q3 2018.

Net current assets decreased by US\$1.2 million to US\$30.7 million as at 30 September 2018 compared to US\$31.9 million as at 31 December 2017. Inventories decreased by US\$0.2 million owing to tighter inventory control. Trade and other receivables, and trade and other payables increased US\$0.1 million and US\$1.8 million, respectively due to more stringent payments to the trade suppliers. Borrowings increased by US\$1.9 million to US\$9.9 million, offset by an increase in cash and cash equivalents of US\$2.6 million to US\$9.8 million as at 30 September 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 September 2018, compared to US\$55.5 million as at 31 December 2017.

Review of Cash Flows

In Q3 FY2018, net cash used in operating activities amounted to US\$1.0 million, comprising US\$1.1 million cash inflow from operating activities (before working capital changes), US\$2.0 million net working capital outflow and US\$0.1 million payment of interest and income tax.

In 9M FY2018, net cash generated from operating activities amounted to US\$5.3 million, comprising US\$4.2 million cash inflow from operating activities (before working capital changes), US\$1.4 million net working capital inflow and US\$0.3 million payment of interest and income tax.

Net cash used in investing activities in Q3 FY2018 and 9M FY2018 amounted to US\$3.9 million and US\$4.5 million, respectively, relating predominately to purchase of machinery and the increase in capitalised development cost.

Net cash generated from financing activities amounted to US\$1.3 million in Q3 FY2018 and US\$1.9 million in 9M FY2018, attributable to the net proceeds of borrowings.

Overall, the Group recorded a net decrease in cash and cash equivalents amounting to US\$3.6 million in Q3 FY2018 and a net increase in cash and cash equivalents amounting to US\$2.6 million in 9M FY2018, bringing cash and cash equivalents per the consolidated statement of cash flows to US\$9.8 million as at 30 September 2018.

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

No prospect statement was made.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global satellite communications equipment market is expected to grow to US\$47.0 billion by 2026, due to ongoing expansion in the IT and telecommunication sectors worldwide. Sat comms technology continues to be an integral part of modern technology, amid the emerging trends of 5G convergence, UHD/4K transmission, autonomous self-navigating vehicles and interconnected electronic devices.

The traditional pay television market remains heavily reliant on sat comms technology to distribute content, even amidst the growing popularity of Over-the-Top ("OTT") streaming services. This supports the view that OTT will complement and co-exist – instead of directly competing – with traditional pay TV which is itself undergoing a migration to DCSS technology. This migration benefits the Group which has a strong suite of patents and continues to invest in research and development. The Group will continue to roll out DCSS products worldwide 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 will reach production throughout the rest of FY2018 and into early FY2019.

The quarter ending 31 December 2018 ("Q4 FY2018") coincides with the resumption of the American football season, which will support demand for satellite-based sporting content over the next few months.

The data over internet segment, which accounted for approximately 40% of the Group's revenue in 1H FY2018, is expected to continue grow steadily due to greater demand from emerging markets to provide a high-bandwidth, low-cost solution. The Group's US subsidiary, Global Skyware, is benefiting from productivity gains that include shop floor and supply chain improvements in the three years since it was acquired in FY2015 together with their new design antenna for their major customer which has boosted revenue and profit.

The Group is watching closely the ongoing trade tensions between the US and its key international trading partners, and the implications it will have for import duties of key materials and components for the sat comms industry. For example, extra revenue from the high-margin HNS antenna business has been offset by the US tax on steel.

Despite an increase in duty of 10% on imports from China to the United States and the overall uncertainty in the world economy caused by the US-imposed tariffs, revenue has not taken a hit, even improving by 15% quarter to quarter. In anticipation of the 25% import duty expected to go into force in January 2019, the Group has been working with its customers to explore cheaper alternative methods to mitigate the increase.

As part of its efforts to diversify the business and enhance shareholder value, the Group has announced a proposal to acquire Tactilis Sdn. Bhd. ("Tactilis"), a manufacturer and distributor of biometric system-on-card solutions, in a proposed US\$200 million transaction which, if completed, will constitute a reverse takeover. Subject to the completion of full due diligence, necessary regulatory and shareholder approvals, the Group expects the acquisition to be completed in the third quarter of 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.

No dividend has been declared or recommended for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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

7 November 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.