



global invacom
completing the picture

GLOBAL INVACOM GROUP LIMITED
(Incorporated in Singapore)
(Company Registration Number 200202428H)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the Six Months and Full Year Ended 31 December 2022

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A. Condensed Interim Consolidated Statement of Comprehensive Income

	Group			Group		
	2H FY2022 US\$'000	2H FY2021 US\$'000	Increase/ (Decrease) %	FY2022 US\$'000	FY2021 US\$'000	Increase/ (Decrease) %
Revenue	35,349	42,102	(16.0)	72,769	82,541	(11.8)
Cost of sales	(29,303)	(34,338)	(14.7)	(59,354)	(65,991)	(10.1)
Gross profit	6,046	7,764	(22.1)	13,415	16,550	(18.9)
Other income	9	4,007	(99.8)	46	5,485	(99.2)
Distribution costs	(98)	(231)	(57.6)	(254)	(368)	(31.0)
Administrative expenses	(7,379)	(7,458)	(1.1)	(15,485)	(15,918)	(2.7)
Research and development expenses	(1,741)	(2,579)	(32.5)	(3,710)	(4,996)	(25.7)
Impairment of goodwill	(5,199)	-	N.M.	(5,199)	-	N.M.
Other operating expenses	(311)	(211)	47.4	(568)	(263)	116.0
Finance income	-	-	-	-	1	(100.0)
Finance costs	(307)	(196)	(56.6)	(478)	(519)	(7.9)
(Loss)/Profit before income tax	(8,980)	1,096	N.M.	(12,233)	(28)	N.M.
Income tax (expense)/credit	(917)	640	N.M.	(956)	586	N.M.
(Loss)/Profit for the period/year	(9,897)	1,736	N.M.	(13,189)	558	N.M.
Other comprehensive loss:						
Items that may be reclassified subsequently to profit or loss						
- Exchange differences on translation of foreign subsidiaries	(658)	(445)	47.9	(677)	(120)	464.2
Other comprehensive loss for the period/year, net of tax	(658)	(445)	47.9	(677)	(120)	464.2
Total comprehensive (loss)/income for the period/year	(10,555)	1,291	N.M.	(13,866)	438	N.M.
(Loss)/Profit for the period/year attributable to:						
Equity holders of the Company	(9,895)	1,738	N.M.	(13,184)	561	N.M.
Non-controlling interests	(2)	(2)	0.0	(5)	(3)	66.7
	(9,897)	1,736	N.M.	(13,189)	558	N.M.
Total comprehensive (loss)/income for the period/year attributable to:						
Equity holders of the Company	(10,553)	1,293	N.M.	(13,861)	441	N.M.
Non-controlling interests	(2)	(2)	0.0	(5)	(3)	66.7
	(10,555)	1,291	N.M.	(13,866)	438	N.M.

N.M.: Not Meaningful

B. Condensed Interim Statements of Financial Position

	Group		Company	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
ASSETS				
Non-current Assets				
Property, plant and equipment	6,641	8,126	-	20
Right-of-use assets	3,095	4,396	41	39
Investments in subsidiaries	-	-	17,824	25,375
Goodwill	893	6,092	-	-
Intangible assets	1,417	1,698	-	-
Deferred tax assets	585	1,780	-	-
Other receivables and prepayments	54	54	-	11,032
	12,685	22,146	17,865	36,466
Current Assets				
Due from subsidiaries	-	-	2,499	3,265
Inventories	22,869	25,764	-	-
Trade receivables	10,011	13,772	-	-
Other receivables and prepayments	1,274	5,302	13,786	2,588
Tax receivables	167	169	-	-
Cash and cash equivalents	9,244	10,771	168	155
	43,565	55,778	16,453	6,008
Total assets	56,250	77,924	34,318	42,474
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	(25,160)	(11,383)	(38,472)	(30,462)
Equity attributable to owners of the Company	33,607	47,384	34,112	42,122
Non-controlling interests	(24)	(19)	-	-
Total equity	33,583	47,365	34,112	42,122
Non-current Liabilities				
Other payables	172	152	-	-
Lease liabilities	1,599	3,088	-	-
Deferred tax liabilities	684	646	-	-
	2,455	3,886	-	-
Current Liabilities				
Due to subsidiaries	-	-	-	1
Trade payables	10,006	14,479	-	-
Other payables	3,109	4,447	168	313
Borrowings	5,488	6,120	-	-
Lease liabilities	1,607	1,627	38	38
Provision for income tax	2	-	-	-
	20,212	26,673	206	352
Total liabilities	22,667	30,559	206	352
Total equity and liabilities	56,250	77,924	34,318	42,474

C. Condensed Interim Statements of Changes in Equity

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	Attributable to equity holders of the Company US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance as at 1 January 2022	60,423	(1,656)	(10,150)	6	725	(5,109)	(1,084)	4,229	47,384	(19)	47,365
Loss for the period	-	-	-	-	-	-	-	(3,289)	(3,289)	(3)	(3,292)
Other comprehensive income:											
Exchange differences on translating foreign operations	-	-	-	-	-	-	(19)	-	(19)	-	(19)
Total other comprehensive loss for the period	-	-	-	-	-	-	(19)	(3,289)	(3,308)	(3)	(3,311)
Balance as at 30 June 2022	60,423	(1,656)	(10,150)	6	725	(5,109)	(1,103)	940	44,076	(22)	44,054
Share-based payments	-	-	-	-	36	-	(1)	49	84	-	84
Transfer to capital reserve in accordance with statutory requirements	-	-	-	-	-	(2,727)	2,343	384	-	-	-
Loss for the period	-	-	-	-	-	-	-	(9,895)	(9,895)	(2)	(9,897)
Other comprehensive loss:											
Exchange differences on translating foreign operations	-	-	-	-	-	-	(658)	-	(658)	-	(658)
Total other comprehensive loss for the period	-	-	-	-	-	-	(658)	(9,895)	(10,553)	(2)	(10,555)
Balance as at 31 December 2022	60,423	(1,656)	(10,150)	6	761	(7,836)	581	(8,522)	33,607	(24)	33,583
Balance as at 1 January 2021	60,423	(1,656)	(10,150)	6	725	(5,109)	(964)	3,668	46,943	(16)	46,927
Loss for the period	-	-	-	-	-	-	-	(1,177)	(1,177)	(1)	(1,178)
Other comprehensive income:											
Exchange differences on translating foreign operations	-	-	-	-	-	-	325	-	325	-	325
Total other comprehensive income/(loss) for the period	-	-	-	-	-	-	325	(1,177)	(852)	(1)	(853)
Balance as at 30 June 2021	60,423	(1,656)	(10,150)	6	725	(5,109)	(639)	2,491	46,091	(17)	46,074
Profit/(Loss) for the period	-	-	-	-	-	-	-	1,738	1,738	(2)	1,736
Other comprehensive loss:											
Exchange differences on translating foreign operations	-	-	-	-	-	-	(445)	-	(445)	-	(445)
Total other comprehensive (loss)/income for the period	-	-	-	-	-	-	(445)	1,738	1,293	(2)	1,291
Balance as at 31 December 2021	60,423	(1,656)	(10,150)	6	725	(5,109)	(1,084)	4,229	47,384	(19)	47,365

C. Condensed Interim Statements of Changes in Equity (cont'd)

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 January 2022	74,240	(1,656)	725	(4,481)	(2,506)	(24,200)	42,122
Loss for the period	-	-	-	-	-	(244)	(244)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(244)	(244)
Balance as at 30 June 2022	74,240	(1,656)	725	(4,481)	(2,506)	(24,444)	41,878
Share-based payments	-	-	(12)	-	-	-	(12)
Loss for the period	-	-	-	-	-	(7,754)	(7,754)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(7,754)	(7,754)
Balance as at 31 December 2022	74,240	(1,656)	713	(4,481)	(2,506)	(32,198)	34,112
Balance as at 1 January 2021	74,240	(1,656)	725	(4,481)	(2,506)	(22,040)	44,282
Loss for the period	-	-	-	-	-	(139)	(139)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(139)	(139)
Balance as at 30 June 2021	74,240	(1,656)	725	(4,481)	(2,506)	(22,179)	44,143
Loss for the period	-	-	-	-	-	(2,021)	(2,021)
Other comprehensive loss:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total other comprehensive loss for the period	-	-	-	-	-	(2,021)	(2,021)
Balance as at 31 December 2021	74,240	(1,656)	725	(4,481)	(2,506)	(24,200)	42,122

D. Condensed Interim Consolidated Statement of Cash Flows

	Group		Group	
	2H FY2022 US\$'000	2H FY2021 US\$'000	FY2022 US\$'000	FY2021 US\$'000
Cash Flows from Operating Activities				
(Loss)/Profit before income tax	(8,980)	1,096	(12,233)	(28)
Adjustments for:				
Depreciation of property, plant and equipment	854	760	1,749	1,903
Amortisation of intangible assets	137	325	278	591
Depreciation of right-of-use assets	760	868	1,607	1,864
Loss/(Gain) on disposal of property, plant and equipment	278	-	273	(1,143)
Allowance/(Write-back) of inventory obsolescence, net	611	(736)	866	(738)
(Write-back)/Impairment loss on trade receivables	(35)	-	140	-
Impairment loss on other financial assets	-	8	-	8
Unrealised exchange (gain)/loss	(884)	60	(951)	184
Interest income	-	-	-	(1)
Interest expense	307	196	478	519
Share-based payments	36	-	36	-
Bad debts written back	-	(113)	-	(96)
(Gain)/Loss on lease modifications	(125)	144	(125)	(63)
Write-back of payables	-	(880)	-	(880)
Impairment of goodwill	5,199	-	5,199	-
Operating cash flow before working capital changes	(1,842)	1,728	(2,683)	2,120
Changes in working capital:				
Inventories	1,692	686	2,029	1,790
Trade receivables	2,323	(2,978)	6,267	(5,680)
Other receivables and prepayments	1,694	(390)	1,354	3
Trade and other payables	(3,446)	3,777	(5,462)	1,382
Cash generated from/(used in) operating activities	421	2,823	1,505	(385)
Interest paid	(26)	(34)	(222)	(150)
Income tax paid	(4)	-	(126)	(2)
Net cash generated from/(used in) operating activities	391	2,789	1,157	(537)
Cash Flows from Investing Activities				
Interest received	-	1	-	1
Purchase of property, plant and equipment	(219)	(384)	(470)	(1,063)
Proceeds from disposal of property, plant and equipment	3	203	8	784
Net cash used in investing activities	(216)	(180)	(462)	(278)
Cash Flows from Financing Activities				
Proceeds from borrowings	18,624	17,738	35,801	34,764
Repayment of borrowings	(18,850)	(17,817)	(36,433)	(32,527)
Principal repayment of lease liabilities	(704)	(1,202)	(1,581)	(1,942)
Net cash (used in)/generated from financing activities	(930)	(1,281)	(2,213)	295
Net (decrease)/increase in cash and cash equivalents	(755)	1,328	(1,518)	(520)
Cash and cash equivalents at the beginning of the period/year	10,000	9,435	10,771	11,273
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(1)	8	(9)	18
Cash and cash equivalents at the end of the period/year	9,244	10,771	9,244	10,771

E. Notes to the Condensed Interim Consolidated Financial Statements

1. General Information

Global Invacom Group Limited (the “Company”) is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company is also listed on the AIM Market of the London Stock Exchange (“AIM”) in the United Kingdom (UK). These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (the “Group”). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are design, manufacture and supply of a full range of satellite ground equipment, including antennas, LNB receivers, transceivers, fibre distribution equipment, transmitters, switches and video distribution components.

2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s and International Financial Reporting Standards (“IFRSs”), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in United States dollar which is the Company’s functional currency.

2.1 New and Amended Standards Adopted by the Group

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting period compared with the audited financial statements for the year ended 31 December 2021, except for the adoption of new or revised SFRS(I) and interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for the financial year beginning on or after 1 January 2022. The adoption of these SFRS(I) and INT SFRS(I) has no significant impact on the Group.

2.2 Use of Judgements and Estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 9 – capitalised development costs
- Note 11 – impairment test on property, plant and equipment

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

2.2 Use of Judgements and Estimates (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 – impairment test of goodwill: key assumptions underlying recoverable amounts
- Note 11 – useful lives of property, plant and equipment

3. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the six months and full year ended 31 December 2022.

4. Segment and Revenue Information

The Group is organised into the following main business segments:

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

These operating segments are reported in a manner consistent with internal reporting provided to the executive directors who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable Segments

	Sat Comms US\$'000	CM US\$'000	Group US\$'000
FY2022			
Revenue	72,769	-	72,769
Operating loss	(11,755)	-	(11,755)
Finance costs			(478)
Income tax expense			(956)
Loss for the year			(13,189)
Amortisation of intangible assets	278	-	278
Depreciation of property, plant and equipment	1,749	-	1,749
Depreciation of right-of-use assets	1,607	-	1,607
Addition to property, plant and equipment	470	-	470
Impairment of goodwill	5,199	-	5,199
Impairment loss on trade receivables	140	-	140
Gain on lease modifications	(125)	-	(125)
Allowance for inventory obsolescence, net	866	-	866

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

4. Segment and Revenue Information (cont'd)

4.1 Reportable Segments (cont'd)

	Sat Comms US\$'000	CM US\$'000	Group US\$'000
Assets and liabilities			
Segment assets	55,095	-	55,095
<u>Unallocated assets</u>			
- Other receivables			85
- Deferred tax assets			585
- Cash and cash equivalents			168
- Tax receivables			167
- Right-of-use assets			150
Total assets			<u>56,250</u>
Segment liabilities	16,247	-	16,247
<u>Unallocated liabilities</u>			
- Other payables			208
- Provision for income tax			2
- Deferred tax liabilities			684
- Borrowings			5,488
- Lease liabilities			38
Total liabilities			<u>22,667</u>
FY2021			
Revenue	<u>82,541</u>	-	<u>82,541</u>
Operating profit/(loss)	<u>507</u>	<u>(17)</u>	490
Finance income			1
Finance costs			(519)
Income tax credit			586
Profit for the year			<u>558</u>
Amortisation of intangible assets	591	-	591
Depreciation of property, plant and equipment	1,903	-	1,903
Depreciation of right-of-use assets	1,864	-	1,864
Addition to property, plant and equipment	1,063	-	1,063
Impairment loss on other financial assets	8	-	8
Bad debts written (back)/off	(113)	17	(96)
Gain on lease modifications	(63)	-	(63)
Write-back of inventory obsolescence, net	<u>(738)</u>	-	<u>(738)</u>
Assets and liabilities			
Segment assets	74,109	1,573	75,682
<u>Unallocated assets</u>			
- Non-current assets			20
- Other receivables			79
- Deferred tax assets			1,780
- Cash and cash equivalents			155
- Tax receivables			169
- Right-of-use assets			39
Total assets			<u>77,924</u>
Segment liabilities	23,393	-	23,393
<u>Unallocated liabilities</u>			
- Other payables			362
- Deferred tax liabilities			646
- Borrowings			6,120
- Lease liabilities			38
Total liabilities			<u>30,559</u>

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

4. Segment and Revenue Information (cont'd)

4.2 Disaggregation of Revenue

The Group's revenue is disaggregated by principal geographical areas, major product lines and timing of revenue recognition.

	Group		Group	
	2H FY2022 US\$'000	2H FY2021 US\$'000	FY2022 US\$'000	FY2021 US\$'000
Principal geographical market				
<u>America</u>				
- Sale of goods	22,861	23,295	40,256	46,460
<u>Europe</u>				
- Sale of goods	7,949	13,364	19,437	24,361
<u>Asia</u>				
- Sale of goods	1,155	3,483	2,374	4,692
<u>Rest of the World</u>				
- Sale of goods	3,384	1,960	10,702	7,028
Total	35,349	42,102	72,769	82,541
Major product lines				
Sale of goods	35,349	42,102	72,769	82,541

The Group recognises revenue from sale of goods at a point in time, when the Group satisfies a performance obligation and the customers obtain control of the goods.

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

5. Financial Assets and Financial Liabilities

5.1 Significant Items

	Group		Group	
	2H FY2022 US\$'000	2H FY2021 US\$'000	FY2022 US\$'000	FY2021 US\$'000
Interest income	-	-	-	1
Interest expense	(307)	(196)	(478)	(519)
Write-back of payables	-	880	-	880
Impairment of goodwill	(5,199)	-	(5,199)	-
(Loss)/Gain on disposal of property, plant and equipment	(302)	-	(273)	1,143
Gain/(Loss) on lease modifications	125	(144)	125	63
(Write-back)/Impairment loss on trade receivables	(35)	-	140	-
Impairment loss on other financial assets	-	(8)	-	(8)
Gain/(Loss) on foreign exchange	177	(159)	(88)	(193)
Bad debts written back	-	113	-	96
(Allowance)/Write-back of inventory obsolescence	(611)	736	(866)	738
Depreciation of property, plant and equipment	(854)	(760)	(1,749)	(1,903)
Depreciation of right-of-use assets	(760)	(868)	(1,607)	(1,864)
Amortisation of intangible assets	(137)	(325)	(278)	(591)
Operating lease expense	(12)	(19)	(22)	(19)

5.2 Related Party Transactions

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

7. (Loss)/Earnings Per Share

(Loss)/Earnings per ordinary share of the Group, after deducting any provision for preference dividends	Group		Group	
	2H FY2022 US\$	2H FY2021 US\$	FY2022 US\$	FY2021 US\$
(a) Based on weighted average number of ordinary shares on issue; and	(3.64) cents	0.64 cent	(4.85) cents	0.21 cent
(b) On a fully diluted basis	(3.64) cents*	0.64 cent*	(4.85) cents*	0.21 cent*
Weighted average number of ordinary shares used in computation of basic earnings per share	271,662,227	271,662,227	271,662,227	271,662,227
Weighted average number of ordinary shares used in computation of diluted earnings per share	271,662,227	271,662,227	271,662,227	271,662,227

* Diluted earnings per share 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.

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

8. Net Asset Value

	Group		Company	
	31 Dec 2022 US\$	31 Dec 2021 US\$	31 Dec 2022 US\$	31 Dec 2021 US\$
Net asset value per ordinary share based on issued share capital	12.37 cents	17.44 cents	12.56 cents	15.51 cents
Total number of issued shares	271,662,227	271,662,227	271,662,227	271,662,227

9. Intangible Assets

	Trading name US\$'000	Intellectual property rights US\$'000	Capitalised development costs US\$'000	Total US\$'000
Group				
2022				
<u>Cost</u>				
Balance at 1 January and 31 December	16	2,674	4,834	7,524
<u>Amortisation and impairment</u>				
Balance at 1 January	16	1,043	4,767	5,826
Amortisation charge	-	211	67	278
Currency realignment	-	3	-	3
Balance at 31 December	16	1,257	4,834	6,107
<u>Net book value</u>				
Balance at 31 December	-	1,417	-	1,417
2021				
<u>Cost</u>				
Balance at 1 January and 31 December	16	2,674	4,834	7,524
<u>Amortisation and impairment</u>				
Balance at 1 January	16	757	4,460	5,233
Amortisation charge	-	284	307	591
Currency realignment	-	2	-	2
Balance at 31 December	16	1,043	4,767	5,826
<u>Net book value</u>				
Balance at 31 December	-	1,631	67	1,698

10. Goodwill

	Group	
	31 December 2022 US\$'000	31 December 2021 US\$'000
<u>Cost</u>		
Balance at the beginning and end of the year	6,092	9,352
<u>Allowance for impairment loss</u>		
Balance at the beginning and end of the year	5,199	3,260
Net carrying amount	893	6,092

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

10. Goodwill (cont'd)

10.1 Allocation of Goodwill

Goodwill has been allocated to the Group's cash generating unit ("CGU") identified according to the business segment as follows:

	Group	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Satellite Communications		
- OnePath Networks Limited ("OPN") – Israel	893	893
- Satellite Acquisition Corporation ("SAC") – United States of America	-	5,199
	893	6,092

11. Property, Plant and Equipment

	Freehold property	Machinery & equipment	Motor vehicles	Furniture, fittings & equipment	Renovations	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group						
2022						
<u>Cost</u>						
Balance at 1 January	2,871	17,907	40	7,813	1,438	30,069
Currency realignment	-	96	-	(3)	8	101
Additions	-	429	-	19	22	470
Write-off	-	(183)	-	(2)	-	(185)
Disposals	-	(281)	-	(1)	(11)	(293)
Balance at 31 December	2,871	17,968	40	7,826	1,457	30,162
<u>Accumulated depreciation</u>						
Balance at 1 January	960	12,523	40	7,244	1,176	21,943
Currency realignment	(6)	15	-	8	9	26
Depreciation charge	16	1,438	-	136	159	1,749
Write-off	-	(183)	-	(2)	-	(185)
Disposals	-	-	-	(1)	(11)	(12)
Balance at 31 December	970	13,793	40	7,385	1,333	23,521
<u>Net book value</u>						
Balance at 31 December	1,901	4,175	-	441	124	6,641
2021						
<u>Cost</u>						
Balance at 1 January	2,883	17,639	40	7,649	1,458	29,669
Currency realignment	-	(19)	-	12	(1)	(8)
Additions	-	814	-	152	97	1,063
Disposals	(12)	(527)	-	-	(116)	(655)
Balance at 31 December	2,871	17,907	40	7,813	1,438	30,069
<u>Accumulated depreciation</u>						
Balance at 1 January	928	11,187	40	6,969	1,135	20,259
Currency realignment	44	322	-	-	70	436
Depreciation charge	-	1,541	-	275	87	1,903
Disposals	(12)	(527)	-	-	(116)	(655)
Balance at 31 December	960	12,523	40	7,244	1,176	21,943
<u>Net book value</u>						
Balance at 31 December	1,911	5,384	-	569	262	8,126

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

11. Property, Plant and Equipment (cont'd)

	Furniture, fittings & equipment US\$'000	Renovations US\$'000	Total US\$'000
Company			
2022			
<u>Cost</u>			
Balance at 1 January and 31 December	211	80	291
<u>Accumulated depreciation</u>			
Balance at 1 January	192	79	271
Depreciation charge	19	1	20
Balance at 31 December	211	80	291
<u>Net book value</u>			
Balance at 31 December	-	-	-
2021			
<u>Cost</u>			
Balance at 1 January and 31 December	211	80	291
<u>Accumulated depreciation</u>			
Balance at 1 January	137	72	209
Depreciation charge	55	7	62
Balance at 31 December	192	79	271
<u>Net book value</u>			
Balance at 31 December	19	1	20

12. Investment in Subsidiaries

	Company	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
Unquoted equity shares, at cost	40,533	40,533
Accounting for employee share options	713	725
Currency realignment	130	131
Less: Allowance for impairment loss	(23,552)	(16,014)
	<u>17,824</u>	<u>25,375</u>

Movement in the allowance for impairment loss are as follows:

At the beginning of the year	16,014	14,287
Impairment loss recognised during the year	7,538	1,727
At the end of the year	<u>23,552</u>	<u>16,014</u>

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

12. Investment in Subsidiaries (cont'd)

Allowance for impairment loss

(i) Global Invacom Manufacturing Pte Ltd ("GIMPL")

As at 31 December 2022 and 31 December 2021, an allowance for impairment loss of US\$8,648,000 was made on the cost of investment in GIMPL, as the allocated CGU, to which the investment relates to, was incurring losses from operations due to the restructuring costs incurred. The recoverable amount was based on management's estimate of the fair value less costs to sell, with reference to the fair value of the net assets of GIMPL, which was considered to be Level 3 in the fair value hierarchy.

(ii) Global Invacom Holdings Limited and its subsidiaries ("GIHL Group")

As at 31 December 2022 and 31 December 2021, an allowance for impairment loss of US\$14,904,000 and US\$7,366,000, respectively, was made on the cost of investment in GIHL Group, as the allocated CGU, to which the investment relates to, was incurring losses from operations. The recoverable amount was based on management's estimate of the fair value less costs to sell, with reference to the fair value of the net assets of GIHL Group, which is considered to be Level 3 in the fair value hierarchy.

13. Borrowings

Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 Dec 2022		As at 31 Dec 2021	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
5,488	-	6,120	-

Amount repayable after one year

As at 31 Dec 2022		As at 31 Dec 2021	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

The revolving credit loans of US\$5,488,000 were secured over the assets of the subsidiaries and corporate guarantees provided by the Company and the subsidiaries.

14. Share Capital

FY2022	No. of shares	US\$'000
Balance as at 1 Jan 2022 and 31 Dec 2022	271,662,227	72,584
FY2021	No. of shares	US\$'000
Balance as at 1 Jan 2021 and 31 Dec 2021	271,662,227	72,584

There were 10,740,072 treasury shares held by the Company as at 31 December 2022 and 31 December 2021 and there were no subsidiary holdings.

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

14. Share Capital (cont'd)

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 2022	31 Dec 2021
Total number of issued shares excluding treasury shares	271,662,227	271,662,227

Total number of treasury shares as at the end of the current financial period reported on:

FY2022	No. of shares	US\$'000
Balance as at 1 Jan 2022 and 31 Dec 2022	<u>10,740,072</u>	<u>1,656</u>

15. Subsequent Events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed interim consolidated statement of financial position of Global Invacom Group Limited and its subsidiaries as at 31 December 2022 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period and full year then ended and certain explanatory notes have not been audited or reviewed by the auditors.

2. Review of Performance of the Group

2.1 Review of Financial Performance

Revenue

The Group's revenue for the year ended 31 December 2022 ("FY2022") decreased by 11.8% to US\$72.8 million from US\$82.5 million in the prior year ("FY2021"). Revenue for the second half year ended 31 December 2022 ("2H FY2022") was US\$35.3 million against US\$42.1 million in the prior year ("2H FY2021"). Pressure on the Group's revenue during FY2022 has been sustained. The legacy recovery of global supply chains, combined with increased raw material prices, has impacted our ability to fulfill demand. In addition, the market requirement for our products has been impacted by the ongoing delays to the launch of satellites, delaying demand for some of our legacy products, and delays in bringing new products to market.

Geographically, Group revenue for FY2022 decreased in America, Europe and Asia by US\$6.2 million (-13.4%), US\$4.9 million (-20.2%) and US\$2.3 million (-49.4%), respectively and increased in Rest of the World ("RoW") by US\$3.7 million (+52.3%). Revenue for 2H FY2022 decreased in the same segments, America, Europe and Asia by US\$0.4 million (-1.9%), US\$5.4 million (-40.5%) and US\$2.3 million (-66.8%), respectively, compensated by an increase in RoW by US\$1.4 million (+72.7%), compared to the prior year.

Gross Profit

The decrease in revenue resulted in a 18.9% decrease in gross profit from US\$16.6 million in FY2021 to US\$13.4 million in FY2022. Gross profit margin has decreased marginally by 1.7 percentage points from 20.1% to 18.4%, where the Group, particularly our US subsidiary, has come under sustained selling price, labour shortage and material costs pressures. As demand and supply chains the Group operates within open up, the Group has experienced a net increase in pressure on our margins.

Similarly, gross profit decreased from US\$7.8 million in 2H FY2021 to US\$6.0 million in 2H FY2022. Gross profit margin has decreased by 1.3 percentage points from 18.4% to 17.1%.

Other Income

Other income in 2H FY2021 and FY2021 relates primarily to a grant from the US Government of US\$2.7 million, gain on disposal of equipment of US\$1.1 million, write-back of payables of US\$0.9 million and subsidy support received from various government bodies across the Group due to the COVID-19 pandemic.

Administrative and Research and Development Expenses

Administrative expenses, together with research and development expenses, for FY2022 decreased 8.2% to US\$19.2 million compared to US\$20.9 million in FY2021, representing 26.4% and 25.3% of revenue, respectively as a result of the ongoing cost savings measures to streamline certain core functions across the Group. For 2H FY2022, administrative and research and development expenses, decreased 9.1% to US\$9.1 million compared to US\$10.0 million in the previous year, representing 25.8% and 23.8% of revenue, respectively.

Impairment of Goodwill

The impairment charge in 2H FY2022 and FY2022 was attributed to a goodwill impairment of US\$5.2 million, which is non-cash in nature, related to the performance of the Group's US subsidiary. The requirement to recognise this charge has arisen due to the sustained loss making position of the Group's US subsidiary.

F. Other Information Required by Listing Rule Appendix 7.2 (cont'd)

2. Review of Performance of the Group (cont'd)

2.1 Review of Financial Performance (cont'd)

Profit Before Tax & Net Profit

The Group posted a loss before tax of US\$12.2 million in FY2022, compared to a loss before tax of US\$28,000 the prior year, representing a negative margin of 16.8% and 0.03%, respectively. For 2H FY2022, the Group recorded a loss before tax of US\$9.0 million compared to a profit before tax of US\$1.1 million in the prior year, representing a negative margin of 25.4% compared to a margin of 2.6%.

The Group received research and development tax credits from the UK Government and has written-off deferred tax assets of US\$1.3 million related to the US subsidiary.

Overall, the Group recorded a net loss of US\$13.2 million in FY2022, compared to a net profit of US\$0.6 million the prior year, representing a negative margin of 18.1% compared to a margin of 0.7%, respectively. For 2H FY2022, the Group recorded a net loss of US\$9.9 million compared to a net profit of US\$1.7 million in the prior year, representing a negative margin of 28.0% compared to a margin of 4.1%.

2.2 Review of Financial Position

Non-current assets decreased by US\$9.5 million to US\$12.7 million as at 31 December 2022, due to the impairment of goodwill and deferred tax assets.

Net current assets decreased by US\$5.8 million to US\$23.3 million as at 31 December 2022 compared to US\$29.1 million as at 31 December 2021. Inventories, trade and other receivables and trade and other payables decreased by US\$2.9 million, US\$7.8 million and US\$5.8 million, respectively, with decrease in demand and controlled purchases. In 2H FY2022, the Group's US subsidiary has also received US\$2.7 million in proceeds from the US government related a grant support which was accounted for within other receivables. Tax receivables remained at US\$0.2 million as at 31 December 2022.

Cash and cash equivalents decreased by US\$1.5 million to US\$9.2 million as at 31 December 2022 from US\$10.7 million at 31 December 2021, and borrowings decreased by US\$0.6 million to US\$5.5 million as at 31 December 2022 from US\$6.1 million as at 31 December 2021. The current portion of the lease liabilities remained at US\$1.6 million as at 31 December 2022.

With the repayment of leases, the non-current portion of the lease liabilities decreased by US\$1.5 million to US\$1.6 million as at 31 December 2022.

The Group's net asset value stood at US\$33.6 million as at 31 December 2022, compared to US\$47.4 million as at 31 December 2021.

2.3 Review of Cash Flows

In 2H FY2022, net cash generated from operating activities was US\$0.4 million, comprising US\$1.9 million cash outflow from operating activities (before working capital changes) and US\$2.3 million net working capital inflow.

In FY2022, net cash generated from operating activities was US\$1.2 million, comprising US\$2.7 million cash outflow from operating activities (before working capital changes), US\$4.2 million net working capital inflow and US\$0.3 million payment of interest and income tax.

Net cash used in investing activities in 2H FY2022 and FY2022 amounted to US\$0.2 million and US\$0.5 million, respectively, relating predominately to the purchase of machinery and equipment, offset against proceeds from the disposal of property, plant and equipment.

Net cash used in financing activities in 2H FY2022 and FY2022 was US\$0.9 million and US\$2.2 million, respectively, attributable to the net proceeds of borrowings and repayment of lease liabilities.

The Group recorded a net decrease in cash and cash equivalents amounting to US\$0.7 million and US\$1.5 million in 2H FY2022 and FY2022, respectively, bringing cash and cash equivalents per the consolidated statement of cash flows to US\$9.2 million as at 31 December 2022.

F. Other Information Required by Listing Rule Appendix 7.2 (cont'd)

3. 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.

4. 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.

As a designer, manufacturer, and provider of high-tech products with an international customer and employee base, 2022 continued to be a challenging trading environment for the Group. The Group's net loss is substantially attributed to its US operations, with impacting factors including the sale of key products being postponed due to delays in customer demand.

Considerable macroeconomic headwinds impacted the Company's financial and operational performance in the year ended 31 December 2022, and ongoing inflationary pressures, along with reduced transportation costs leading to increased competition from overseas suppliers, particularly into the US market, are also expected to impact the performance of the business in the current financial year. Global Invacom is focused on mitigating the effects of global supply chain issues on its core business activities and ensuring the Group is optimised as pressures subside.

In Q3 FY2022, the Group commenced a comprehensive review of its operations, focused on bolstering its operational platform and management capabilities aimed at generating greater shareholder value. The review continues to assess the Group's assets and cost base to streamline certain core functions, whilst utilising its extensive research and development capabilities to seek and secure new markets and customers.

The current financial year is expected to be challenging for the Group due to the prevailing economic pressures on the business. The supply chain and inflationary pressures experienced in 2022 are forecast to ease during FY2023.

In order to establish long-term growth, and as part of its operational restructuring, Global Invacom remains committed to technological innovation and development. By working in collaboration with key customers, the Group is well positioned to maintain its reputation of developing best-in-class solutions for the satellite industry.

F. Other Information Required by Listing Rule Appendix 7.2 (cont'd)

5. 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.

6. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

Due to the operating conditions faced by the Group, no dividend has been declared or recommended for the year ended 31 December 2022.

7. 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 for the year ended 31 December 2022.

8. Confirmation 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 year ended 31 December 2022 to be false or misleading in any material aspect.

9. Confirmation Pursuant to Rule 720(1) of the Listing Manual

Global Invacom Group Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

10. 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.

On behalf of the Board

Wayne Robert Porritt
Independent Non-Executive Chairman

Gordon Blaikie
Executive Director

BY ORDER OF THE BOARD
Wayne Robert Porritt
Independent Non-Executive Chairman

27 February 2023