

GLG Corp Ltd

ACN 116 632 958

**Results for Announcement to the Market
Appendix 4D – Half Year Report
Given to ASX under Listing Rule 4, 2A**

Current Reporting Period - Half Year Ended 31st December
2015

Previous Reporting Period - Half Year Ended 31st December
2014

1. Highlight of Results
2. Appendix 4D Financial Statements for the Half Year ended 31
December 2015

1. Results for announcement to market

Summary financial information for the company for the six months ended 31st December 2015. Full financial details are attached to this announcement.

Summary Information	31 -DEC-15 USD\$'000	Consolidated		Inc/(Dec) %
		31 -DEC-14 USD\$'000	Inc/(Dec) USD\$'000	
Revenue from Ordinary Activities	89,901	102,200	(12,299)	(12.0%)
Profit/(Loss) after Tax from Ordinary Activities	2,285	2,154	131	6.1%
Net Profit/(Loss) after Tax Attributable to Members	2,285	2,154	131	6.1%
Basic Earnings – US Cents Per Share	3.08	2.91	0.17	5.8%
Diluted Earnings – US Cents Per Share	3.08	2.91	0.17	5.8%
Net Tangible Assets – US Cents Per Share	78.13	73.70	4.43	6.0%

Dividends (Distributions)	As per security – US Cents	Franked amount per security-US cents
Dividends Paid during Year	Nil	Nil
Proposed Final Dividend	Nil	Nil
Proposed payment date for final dividend	N/A	N/A

Summary commentary on results

Directors Comments:

Net profit after tax for GLG Corp Ltd “(GLG)” for the half year ended 31 December 2015 was US\$2,285 thousand, an increase of US\$131 thousand or 6.1% compared to the corresponding period for 2014 of US\$2,154 thousand. The increase in net profit was mainly attributed to higher gross margin, which improved to 11.4% for half year ended 31 December 2015 as compared to 9.4% for corresponding period, derived from changes in product mix.

GLG’s sales decreased by US\$12,299 thousand, or 12.0% to US\$89,901 thousand compared to sales of US\$102,200 thousand in the corresponding period. The decline in sales was mainly attributed to continued weakness observed from a major customer and GLG’s decision to decrease the orders with this particular customer which has continued to close a number of their stores in 2015 amid their own restructuring. The decline of orders from this customer accounted for a drop of US\$16,863 thousand in sales. GLG managed to increase orders from some of the existing customers for making up some of the shortfall.

Selling and distribution expenses increased from US\$422 thousand to US\$1,234 thousand in 2015 due to higher freight costs incurred in order to achieve timely delivery to customers.

Administrative expenses decreased by US\$564 thousand or 9.8% from US\$5,739 thousand to US\$5,175 thousand in 2015. This reduction in expenses was achieved through continued streamlining of processes and saving in manpower costs.

Finance costs increased from US\$183 thousand to US\$467 thousand in 2015 due to higher financing costs charged by one of the agents for a key customer.

The discussion that follows compares the Consolidated Statement of Cash flows for the six months to 31 December 2015 with that of 31 December 2014

GLG’s cash from operating activities decreased to US\$5,060 thousand for the half year ended 31 December 2015 compared to US\$12,660 thousand for the corresponding period ended 31 December 2014. The decrease in the cash flow from operating activities was due to the decrease in business volume and the decrease in revenue.

We believe the cash flow from operations of GLG remains sufficient to meet our working capital requirements, capital expenditures, debt servicing and other funding requirements for the foreseeable future.

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GLG Corp Ltd

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Financial report for the half-year ended 31 December 2015

Financial report for the half-year ended 31 December 2015

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Directors' report

The Directors of GLG Corp Ltd ("GLG") submit herewith the financial report of GLG Corp Ltd and its subsidiaries for the half-year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Estina Ang Suan Hong	Executive Chairman and Chief Executive Officer
Christopher Chong Meng Tak	Independent Director
Shane Hartwig	Non Executive Director
Felicia Gan Peiling	Director (appointed 15 September 2015)
Por Khay Ti	Director (resigned 3 August 2015)

Review of operations

Net profit after tax for GLG Corp Ltd ("GLG") for the half year ended 31 December 2015 was US\$2,285 thousand, an increase of US\$131 thousand or 6.1% compared to the corresponding period for 2014 of US\$2,154 thousand. The increase in net profit was mainly attributed to higher gross margin, which improved to 11.4% for half year ended 31 December 2015 as compared to 9.4% for corresponding period, derived from changes in product mix.

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Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the *Companies Act 2001*.

On behalf of the Directors



Estina Ang Suan Hong
Executive Chairman
Singapore
26th February 2016

Deloitte.

The Board of Directors
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26 February 2016

Dear Board Members

GLG Corp Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GLG Corp Ltd.

As lead audit partner for the review of the financial statements of GLG Corp Ltd for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Carl Harris
Partner
Chartered Accountants

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Independent Auditor's Review Report to the members of GLG Corp Ltd

We have reviewed the accompanying half-year financial report of GLG Corp Ltd, which comprises the condensed statement of financial position as at 31 December 2015, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GLG Corp Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of GLG Corp Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GLG Corp Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU

Carl Harris
Partner
Chartered Accountants
Hobart, 29 February 2016

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Directors' declaration

The Directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Estina Ang Suan Hong
Executive Chairman
Singapore
26th February 2016

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Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2015

	Consolidated	
	Half-year ended	
	31 Dec 2015 US\$'000	31 Dec 2014 US\$'000
Continuing Operations		
Revenue	89,901	102,200
Cost of sales	(79,639)	(92,597)
Gross profit	10,262	9,603
Other income	147	138
Selling and distribution expenses	(1,234)	(422)
Administration expenses	(5,175)	(5,739)
Finance costs	(467)	(183)
Other expenses	(911)	(858)
Profit before income tax expense	2,622	2,539
Income tax expense	(337)	(385)
Profit for the period	2,285	2,154
Other comprehensive income	-	-
Total comprehensive income for the period	2,285	2,154
Earnings per share:		
From continuing operations:		
Basic (cents per share)	3.08	2.91
Diluted (cents per share)	3.08	2.91

Notes to the financial statements are included on pages 13 to 16

Condensed consolidated statement of financial position as at 31 December 2015

		Consolidated	
		31 Dec 2015	30 Jun 2015
		US\$'000	US\$'000
	Note		
Current assets			
Cash and cash equivalents		10,452	10,831
Trade and other receivables	3(a)	77,897	85,408
Inventory		105	114
Other assets		232	180
Other financial assets		344	344
Total current assets		89,030	96,877
Non-current assets			
Other financial assets		7,333	2,333
Property, plant and equipment		2,263	2,393
Total non-current assets		9,596	4,726
Total assets		98,626	101,603
Current liabilities			
Trade and other payables		2,377	2,913
Borrowings	3(b)	37,126	41,813
Current tax liabilities		934	949
Total current liabilities		40,437	45,675
Non-current liabilities			
Borrowings	3(b)	40	64
Deferred tax liabilities		257	257
Total non-current liabilities		297	321
Total liabilities		40,734	45,996
Net assets		57,892	55,607
Equity			
Issued capital		10,322	10,322
Retained earnings		47,570	45,285
Total equity		57,892	55,607

Notes to the financial statements are included on pages 13 to 16

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2015

	Issued Capital	Retained Profits	Total
	US\$'000	US\$'000	US\$'000
Consolidated			
Balance at 1 July 2014	10,322	42,137	52,459
Profit for the period	-	2,154	2,154
Balance at 31 December 2014	10,322	44,291	54,613
Balance at 1 July 2015	10,322	45,285	55,607
Profit for the period	-	2,285	2,285
Balance at 31 December 2015	10,322	47,570	57,892

Notes to the financial statements are included on pages 13 to 16

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Condensed consolidated statement of cash flows for the half-year ended 31 December 2015

	Consolidated	
	Half-year ended	
	31 Dec 2015 US\$'000	31 Dec 2014 US\$'000
Cash flows from operating activities		
Receipts from customers	93,266	111,766
Payments to suppliers and employees	(87,490)	(98,765)
Interest and other costs of finance paid	(365)	(94)
Income tax paid	(351)	(247)
Net cash provided by operating activities	5,060	12,660
Cash flows from investing activities		
Payment for property, plant and equipment	(123)	(53)
Grant received from government	101	-
Proceeds from disposal of property, plant and equipment	3	8
Net cash used in investing activities	(19)	(45)
Cash flows from financing activities		
Repayment of borrowings	(4,713)	(2,115)
Amounts advanced to other parties	(701)	(4,304)
Amount advanced to related parties	(6)	(136)
Net cash used in financing activities	(5,420)	(6,555)
Net (decrease)/ increase in cash and cash equivalents	(379)	6,060
Cash and cash equivalents at the beginning of the financial period	10,831	8,221
Cash and cash equivalents at the end of the financial period	10,452	14,281

Notes to the financial statements are included on pages 13 to 16

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Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 80/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the new and revised Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

Impact of the application of AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

- Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations.

The adoption of amending Standards does not have any impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

GLG operates in the apparel industry and reports only one reportable segment under AASB 8 “Operating Segments”.

3. Disclosure of additional information

(a) Trade receivables

Trade receivables are net trade receivables. The reconciliation between gross and net receivables is set out below:

As at	31 December 2015	30 June 2015
	US\$'000	US\$'000
Trade receivables		
Third parties	17,622	20,707
Other party – GLIT group	53,741	53,267
Related parties	8,105	8,096
Other receivables	813	984
Other receivables – GLIT group	-	5,000
Allowance for doubtful debts	(2,310)	(2,351)
Subtotal	77,971	85,703
Less:		
Payable to Related Parties	(100)	(328)
Subtotal	77,871	85,375
Goods and services tax recoverable	26	33
Total Trade and other receivables	77,897	85,408

(b) Borrowings

As at 31 December 2015

US\$	within 1 year US\$'000	within 1 to 5 years US\$'000	After 5 years US\$'000
Trust receipts (i)	36,794	-	-
Bills payable	275	-	-
Loans from:			
Bank loan	-	-	-
Finance lease liabilities	57	40	-
Total borrowings	37,126	40	-

3. (b) Borrowings (cont'd)

As at 30 June 2015

US\$	within 1 year US\$'000	within 1 to 5 years US\$'000	After 5 years US\$'000
Trust receipts (i)	36,307	-	-
Bills payable	3,434	-	-
Loans from:			
Bank loan	2,000	-	-
Finance lease liabilities	72	64	-
Total borrowings	41,813	64	-

- (i) Secured by corporate guarantee from Ghim Li Group Pte Ltd and negative pledge over all assets of Ghim Li Global Pte Ltd.
- (ii) Banking relationship: the Group is dependent on bank facilities to support the working capital requirement of its operations. Presently, the bank facilities provided to the Group are uncommitted short term trade financing facilities which are reviewable annually by the banks.

At 31 December 2015 GLG Corp Ltd had financing facilities available of US\$115,912 thousand (US\$44,516 thousand was used and US\$71,396 thousand was unused). This is compared with US\$119,432 thousand at 30 June 2015 (US\$54,696 thousand was used and US\$64,736 thousand was unused). Used financing facilities comprises of Trust Receipts and Bank Loans, which at 31 December 2015 was US\$36,794 thousand (30 June 2015 US\$36,307 thousand) and guarantees arising form letters of credit in force, which was US\$5,722 thousand at 31 December 2015 (30 June 2015 US\$13,827 thousand). GLG believe it continues to have the strong support from main bankers for its working capital and capital expenditure requirements.

- (iii) For the period ended 31 December 2015, the group has breached loan covenants, which relates to submission of audited financial statement on a timely basis, for the borrowings amounting to US\$10,307 thousand. The breaches have not been rectified post period end. The group has not had any restriction on utilising the facilities subsequent to the period ended 31 December 2015.

The Directors are confident the breach will have no impact on reclassification, repayment obligation or the ability of the Group to refinance facilities when they fall due.

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4. Contingent Liabilities

	31 December 2015 US\$'000	30 June 2015 US\$'000
Guarantees arising from letters of credit in force	5,722	13,827
Total	5,722	13,827

5. Subsequent Event

There have been no subsequent events after the half year ended 31 December 2015.

6. Investments accounted for using the equity method

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2015 %	2014 %
Jointly controlled entities JES Apparel LLC	USA	Importer of knitwear products	51%	51%

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