GLG Corp Ltd

ACN 116 632 958

Financial report for the half-year ended 31 December 2016

Financial report for the half-year ended 31 December 2016

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 2016. 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)

Review of operations

Income and Costs

GLG Corp Ltd's top-line revenue decreased by 21% from US$90,229 thousand to US$70,932 thousand for the first half of this financial year ending 31 December 2016, as we saw continuing weakness in our end-customers' retail consumer market. The retail apparel market is still soft as it is characterised by corporate re-structuring, shutdown of unprofitable stores and emergence of online ecommerce buying replacing traffic in brick and mortar malls. However, GLG Corp Ltd "(GLG)" has also won a couple of new customers to offset some of the decrease in orders received from existing customers.

Net profit after tax for GLG for the half year ended 31 December 2016 was US$2,104 thousand, a decrease of US$749 thousand or 26% compared to the corresponding period for 2015 of US$2,853 thousand. The reduction in net profit was mainly due to lower revenue from some customers in U.S. and Europe. For the half year ended 31 December 2016, we also saw gross profit margin improve to 12.8% compared to 12.1% in the previous year due to the increase in seasonal fashion design collections adopted by our customers.

Although our costs below the Gross Margin line also declined with our tightening of costs with austerity measures, our bottom-line profit decreased due to one-off foreign-exchange loss for the first half of this financial year. Selling and distribution expenses decreased from US$1,438 thousand to US$948 thousand in 2016 due to better control of our outsourced production, which resulted in avoidance of using air freight to meet customers' on-time delivery requirements. We also saw overall freight costs reduced in our fabric mill, Maxim in line with lower revenue.

Administrative expenses decreased by 5% from US$5,563 thousand to US$5,283 thousand in 2016. This reduction in costs was achieved through reduction in headcount from natural attrition in certain management positions and expansion of the job scope of current personnel. We also reduced some discretionary spending like costs in Sample Room to offset other costs increase attributable to the commencement of garment manufacturing operations in Vietnam.

We achieved lower Finance costs in the first half of 2016 compared with the corresponding period in the previous year, due to the termination of factoring service relating to the revenue from a key customer. Other Operating Expenses went up by US$292 thousand to US$509 thousand from US$217 thousand in 2015 due primarily to a one-off loss incurred on forward exchange contracts that we took to hedge US dollar against Singapore dollar required for paying ongoing local costs in Singapore dollars.

Directors' report (cont'd)

Balance Sheet position

GLG's financial position remains strong as of 31 December 2016 as total equity improved from US$43,282 thousand on 30 June 2016 to US$45,386, after consolidating the acquired entities of Maxim Textile Technology Pte Ltd, serving as a Procurement and Sourcing Centre for fabric and other direct materials used in the manufacturing process of finished garments and Maxim Textile Technology Sdn Bhd, which owns a fabric mill to allow GLG to achieve a higher level of vertical integration with its existing supply chain and garment manufacturing business.

Trade and other receivables increased by 6% to US$63,916 thousand as at 31 December 2016 compared to US$60,190 thousand as at 30 June 2016 primarily due to the increase in advances to GLIT Receivable to support their working capital for the production of garments for GLG. Inventory in GLG reduced in the first half of 2016 compared with the preceding period, as a result of better inventory controls resulting in lower inventory held in yarn and work-in-process in Maxim Fabric mill. Also, Goods in transit inventory in GLIT factories were reduced as part of the efforts to do JIT (Just-in-time) production to meet GLG's end customers' delivery dates.

Non-current other assets increased to US$9,905 thousand as at 31 December 2016 from US$8,724 on 30 June 2016 because of the infrastructure costs in Vietnam incurred on an operating lease to an external party for the usage of land.

Property, plant and equipment increased to US$30,483 thousand as at 31 December 2016 due to the costs of investments consisting of construction of facility and machinery in Vietnam, aimed at putting the factory ready for volume production to supplement outsourced factory output.

Both current and non-current borrowings increased as at 31 December 2016 compared to the corresponding balance as at 30 June 2016 due to an increase in trust receipts and increase in draw-down of bank loan to finance the investment in Vietnam.

Cash Flow

GLG's cash from operating activities increased to US$6,778 thousand for the half year ended 31 December 2016 compared to US$8,162 thousand for the corresponding period ended 31 December 2015. The increase in the cash flow from operating activities was mainly due to effective cash flow management and stringent control of costs.

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.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year report.

Significant changes in the state of affairs

On 12 December 2016, Ghim Li International (S) Pte Ltd, a subsidiary of GLG Corp Ltd, acquired 100% of the ordinary shares of Maxim Textile Technology Pte Ltd, a company incorporated in Singapore and Maxim Textile Technology Sdn Bhd, a fabric company in Malaysia for total consideration of US$20,000,000.

As the Maxim group was acquired under common control, the prior comparatives were restated to reflect the acquisition from the earliest reported period, being 1 July 2015, in accordance with the pooling of interest method of accounting.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half year.

Rounding off of amounts

The consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial statements in accordance with that Legislative Instrument.

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 and CEO
Singapore
24th February 2017

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DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF GLG CORP LTD

As lead auditor for the review of GLG Corp Ltd for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of GLG Corp Ltd and the entities it controlled during the period.

John Bresolin
Partner

BDO East Coast Partnership

Sydney, 24 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GLG Corp Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GLG Corp Ltd, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 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 2016 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.

Independence

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.

BDO

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:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO East Coast Partnership

BDO

J Bresolin

John Bresolin
Partner

Sydney, 24 February 2017

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

Estina Ang Suan Hong
Executive Chairman and CEO
Singapore
24th February 2017

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2016

	Consolidated Half-year ended 31 Dec 2016 US$'000	31 Dec 2015 US$'000
Continuing Operations		
Revenue	70,932	90,229
Cost of sales	(61,881)	(79,338)
Gross profit	**9,051**	**10,891**
Other income	162	271
Selling and distribution expenses	(948)	(1,438)
Administration expenses	(5,283)	(5,563)
Finance costs	(417)	(754)
Other expenses	(509)	(217)
Profit before income tax expense	**2,056**	**3,190**
Income tax benefit / (expense)	48	(337)
Profit for the period	**2,104**	**2,853**
Other comprehensive income	-	-
Total comprehensive income for the period	**2,104**	**2,853**
Earnings per share:		
From continuing operations:		
Basic (cents per share)	2.84	3.85
Diluted (cents per share)	2.84	3.85

Notes to the financial statements are included on pages 14 to 22

Consolidated statement of financial position as at 31 December 2016

	Note	Consolidated 31 Dec 2016 US$'000	Consolidated 30 Jun 2016 US$'000
Current assets			
Cash and cash equivalents		9,742	7,908
Trade and other receivables	3(a)	63,916	60,190
Inventory		9,785	11,715
Other assets		843	445
Other financial assets		344	344
Total current assets		**84,630**	**80,602**
Non-current assets			
Other financial assets		9,905	8,724
Property, plant and equipment	7	30,483	26,337
Investment property		4,014	4,014
Total non-current assets		**44,402**	**39,075**
Total assets		**129,032**	**119,677**
Current liabilities			
Trade and other payables		24,994	23,097
Borrowings	3(b)	46,164	41,336
Current tax liabilities		589	1,154
Total current liabilities		**71,747**	**65,587**
Non-current liabilities			
Borrowings	3(b)	10,622	9,530
Deferred tax liabilities		1,277	1,278
Total non-current liabilities		**11,899**	**10,808**
Total liabilities		**83,646**	**76,395**
Net assets		**45,386**	**43,282**
Equity			
Issued capital		10,322	10,322
Retained earnings		45,896	43,792
Merger reserve		(14,812)	(14,812)
Revaluation reserve		3,980	3,980
Total equity		**45,386**	**43,282**

Notes to the financial statements are included on pages 14 to 22

Consolidated statement of changes in equity for the half-year ended 31 December 2016

	Issued Capital	Merger Reserve	Revaluation Reserve	Retained Profits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Consolidated					
Balance at 1 July 2015	10,322	(14,812)	5,913	38,965	40,388
Profit after income tax expense	-	-	-	2,853	2,853
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half- year	-	-	-	2,853	2,853
Balance at 31 December 2015	**10,322**	**(14,812)**	**5,913**	**41,818**	**43,241**
Balance at 1 July 2016	10,322	(14,812)	3,980	43,792	43,282
Profit after income tax expense	-	-	-	2,104	2,104
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half- year	-	-	-	2,104	2,104
Balance at 31 December 2016	**10,322**	**(14,812)**	**3,980**	**45,896**	**45,386**

Notes to the financial statements are included on pages 14 to 22

Consolidated statement of cash flows for the half-year ended 31 December 2016

	Consolidated	
	Half-year ended	
	31 Dec 2016 US$'000	31 Dec 2015 US$'000
Cash flows from operating activities		
Receipts from customers	72,692	98,875
Payments to suppliers and employees	(65,120)	(89,621)
Interest and other costs of finance paid	(282)	(621)
Interest received	4	-
Income tax paid	(516)	(471)
Net cash provided by operating activities	**6,778**	**8,162**
Cash flows from investing activities		
Payment for property, plant and equipment	(5,182)	(2,641)
Proceeds from disposal of property, plant and equipment	1	3
Net cash used in investing activities	**(5,181)**	**(2,638)**
Cash flows from financing activities		
Proceeds from/ (repayment of) borrowings	5,919	(2,690)
Amounts advanced to other parties	(5,314)	(3,151)
Payments/ (amount advanced) to related parties	(368)	4
Net cash generated by/ (used in) financing activities	**237**	**(5,837)**
Net increase/ (decrease) in cash and cash equivalents	**1,834**	**(313)**
Cash and cash equivalents at the beginning of the financial period	7,908	10,943
Cash and cash equivalents at the end of the financial period	**9,742**	**10,630**

Notes to the financial statements are included on pages 14 to 22

Notes to the 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 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 consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial statements in accordance with that Legislative Instrument.

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 2016 annual financial report for the financial year ended 30 June 2016, 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.

Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

1. Significant accounting policies (cont'd)

Fair value hierarchy
The following details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3
- Investment properties - Level 3
- Contingent consideration - Level 3

There were no transfers between levels during the period.

Valuations of land and buildings and investment properties
Freehold and leasehold land and building, along with investment properties have been valued based on similar assets, location and market conditions at fair value on an annual basis.

Investment properties

Investment properties include those portions of factory and office buildings that are held for long-term rental yields and/or for capital appreciation which are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Business combinations

A business combination involving entities under common control is accounted for under the pooling of interest method since the combining businesses are ultimately controlled by the same party, both before and after the business combination. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect fair values at the date of combination. Goodwill is not recognised as a result of the combination. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination took place. Comparatives are also restated as there has been effectively no change in control. Any difference between the consideration paid and the equity acquired is reflected within equity.

1. Significant accounting policies (cont'd)

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.

Any new, revised, or amending accounting standards or interpretations that are not yet mandatory have not been early adopted.

2. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: fabric and garments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of. allocation of resources. There is no aggregation of operating segments.

The directors' review EBIT (earnings before interest and tax). The accounting policies adopted for internal reporting to the directors are consistent with those adopted in the financial statements.

The information reported to the directors is on at least a monthly basis.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Fabric manufacturing	the manufacture and wholesaling of fabric
Garment	the manufacturing and wholesaling of garments

Intersegment transactions
Intersegment transactions were made at market rates. The garment retailing operating segment purchases fabric from the fabric manufacturing operating segment. Intersegment transactions are eliminated on consolidation.

Operating segment information

Consolidated – 31 December 2016	Fabric manufacturing US$'000	Garment US$'000	Intersegment eliminations US$'000	Total US$'000
Revenue				
Sales to external customers	289	70,643	-	70,932
Intersegment sales	16,289	2,161	(18,450)	-
Total revenue	16,578	72,804	(18,450)	70,932
EBIT	1,403	1,156	(86)	2,473
Finance costs				(417)
Profit before income tax expense				2,056
Income tax benefit				48
Profit after income tax expense				2,104

Consolidated – 31 December 2015	Fabric manufacturing US$'000	Garment US$'000	Intersegment eliminations US$'000	Total US$'000
Revenue				
Sales to external customers	328	89,901	-	90,229
Intersegment sales	16,725	-	(16,725)	-
Total revenue	17,053	89,901	(16,725)	90,229
EBIT	855	3,089	-	3,944
Finance costs				(754)
Profit before income tax expense				3,190
Income tax expense				(337)
Profit after income tax expense				2,853

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 2016	30 June 2016
	US$'000	US$'000
Trade receivables		
Third parties	18,772	20,546
Other party – GLIT group	46,749	42,590
Related parties	1,324	1,324
Other receivables	929	878
Allowance for doubtful debts	(2,574)	(2,610)
Subtotal	**65,200**	**62,728**
Less:		
Payable to GLIT group	(1,550)	(2,705)
Subtotal	**63,650**	**60,023**
Goods and services tax recoverable	266	167
Total Trade and other receivables	**63,916**	**60,190**

(b) Borrowings

As at 31 December 2016

US$	within 1 year US$'000	within 1 to 5 years US$'000	After 5 years US$'000
Trust receipts (i)	40,331	-	-
Bills payable	1,546	-	-
Loans from:			
Bank loan	4,229	8,857	1,726
Finance lease liabilities	58	39	-
Total borrowings	**46,164**	**8,896**	**1,726**

3. (b) Borrowings (cont'd)

As at 30 June 2016

US$	within 1 year US$'000	within 1 to 5 years US$'000	After 5 years US$'000
Trust receipts (i)	37,350	-	-
Bills payable	1,679	-	-
Loans from:			
Bank loan	2,246	6,197	3,259
Finance lease liabilities	61	74	-
Total borrowings	**41,336**	**6,271**	**3,259**

(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 and long term trade financing facilities which are reviewable annually by the banks.

At 31 December 2016 GLG Corp Ltd had short term financing facilities available of US$141,358 thousand and long term financing facilities available of US$29,718 thousand. (Short term: US$61,337 thousand was used and US$80,021 thousand was unused. Long term: US$14,812 thousand was used and US$14,906 thousand was unused). . GLG believe it continues to have the strong support from main bankers for its working capital and capital expenditure requirements.

4. Contingent Liabilities

	31 December 2016 US$'000	30 June 2016 US$'000
Guarantees arising from letters of credit in force	15,005	9,488
Total	15,005	9,488

5. Subsequent Events

There have been no subsequent events after the half year ended 31 December 2016 to the date of this report.

6. Investments accounted for using the equity method

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2016 %	2015 %
Jointly controlled entities **JES Apparel LLC**	USA	Importer of knitwear products	51%	51%

7. Non-current assets – property, plant and machinery

	At Valuation			At Cost				
Cost	**Freehold land and buildings**	**Leasehold land and buildings**	**Sub-total**	**Plant and machinery**	**Renovation**	**Other assets**	**Motor vehicles**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 July 2016	1,207	12,591	13,798	12,027	2,934	4,356	390	33,505
Additions	-	2,769	2,769	2,175	95	143	-	5,182
Disposals	-	-	-	-	(2)	(3)	-	(5)
Balance as at 31 December 2016	**1,207**	**15,360**	**16,567**	**14,202**	**3,027**	**4,496**	**390**	**38,682**
Accumulated depreciation								
Balance as at 1 July 2016	-	31	31	2,963	1,829	2,046	299	7,168
Depreciation expense	4	147	151	601	180	88	13	1,033
Depreciation on disposals	-	-	-	-	(1)	(1)	-	(2)
Balance as at 31 December 2016	**4**	**178**	**182**	**3,564**	**2,008**	**2,133**	**312**	**8,199**
Net book value								
As at 30 June 2016	1,207	12,560	13,767	9,064	1,105	2,310	91	26,337
As at 31 December 2016	1,203	15,182	16,385	10,638	1,019	2,363	78	30,483

Other assets comprise of computers, furniture and fittings, hostel and office equipment.

8. Common control acquisition

On 12 December 2016, Ghim Li International (S) Pte Ltd, a subsidiary of GLG Corp Ltd, acquired 100% of the ordinary shares of Maxim Textile Technology Pte Ltd, a company incorporated in Singapore and Maxim Textile Technology Sdn Bhd, a fabric mill in Malaysia for total consideration of US$20,000,000, which includes contingent consideration of $7,300,000. Contingent consideration is based a multiple of excess profit over the next four years and management estimate these targets are achievable. Maxim operates in the fabric division of the consolidated entity.

As both GLG and Maxim entities are under common control of Ghim Li Group Pte Ltd, the pooling of interest method is used.

By executing this acquisition strategy, the Group will have a vertically-integrated textile manufacturing and supply chain business, offering the flexibility to plan for shorter production lead times resulting in speed-to-market advantage to its customers by controlling each step in the value chain.

The acquired business contributed revenues of $16,578,000 with intersegment sales and profit before interest and tax of $1,403,000 to the consolidated entity for the period from 1 July 2016 to 31 December 2016. As the business was acquired under common control, the prior comparatives were restated to reflect the acquisition from the earliest reported period. As such the acquired business contributed revenues of $17,053,000 with intersegment sales and profit before interest and tax of $855,000 to the consolidated entity for the period from 1 July 2015 to 31 December 2015.