GLG Corp Ltd

ACN 116 632 958

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2017

1. Highlight of Results

2. Appendix 4E Financial Statements for the Year ended 30 June 2017

1. Results for announcement to market

Summary financial information for the consolidated entity for the 2016/17 financial year is set out below. Full financial details are attached to this announcement.

		Consolidated		
Summary Information	**30 –JUN-17 USD$'000**	**30 –JUN-16 USD$'000**	**Inc/(Dec) USD$'000**	**Inc/(Dec) %**
Revenue from Ordinary Activities	156,041	171,435	(15,394)	(8.98)
Profit/(Loss) after Tax from Ordinary Activities	4,193	4,827	(634)	(13.13)
Net Profit/(Loss) after Tax Attributable to Members	4,193	4,827	(634)	(13.13)
Basic Earnings – US Cents Per Share	5.66	6.51	(0.85)	(13.06)
Dilute Earnings – US Cents Per Share	5.66	6.51	(0.85)	(13.06)
Net Tangible Assets – US Cents Per Share	61.05	58.41	2.64	4.52

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

Control gained

On 30 June 2017, the Group completed the acquisition of 100% interest in Ghim Li Fashion (M) Sdn Bhd. Hence, the income statement of this newly acquired company was not consolidated into the Group's income statement for the year ended 30 June 2017. Only the balance sheet of this acquired company was consolidated into the Group as of 30 June 2017.

Summary commentary on results

Directors Comments:

GLG Corp Ltd ("GLG" or the "Company") accounts are in the process of being audited by BDO East Coast Partnership.

The Directors note that whilst they do not expect the final audited results to differ materially from those included in this Preliminary Financial Report, as at the date of this report, the audit process has not been finalised.

For the current fiscal year in 2017, the Company has seen continued progress in its implementation of the strategic plan to become a vertical–integrated and textile manufacturing, supply chain business from its original state of being just a trading agent. To achieve this goal, in early 2015, the company built its maiden garment factory in Vietnam (which started production in March 2017), and in late 2016 completed the acquisition of a fabric mill in Malaysia. This has enhanced the capability of the Company in providing design, innovation services and producing all kinds of knitted fabric. In June 2017, GLG added its in-house manufacturing capacity by acquiring another garment factory, again in Malaysia.

Besides embarking on non-organic growth, to improve its competitiveness in the market, GLG has differentiated itself with its process innovation of securing self-inspection and lab approval for its end-product with its key customers. Also, this fiscal year saw the incremental innovation in enhancing its existing product portfolio by selling directly to end-customers on Landed Duty Paid (LDP) basis. This new LDP business represents another step towards adding more value to our customers, using a total supply-chain solutions approach by bringing the final product from door-to-door, i.e. from our fabric mill through to final production in garment factories, and ultimate delivery to the receiving dock of our customers.

This entire value chain ranging from product design, process innovation through knitted fabric manufacturing to last-mile delivery of knitted garments to our customers' doorstep is now embedded into our current financial results ended 30 June 2017.

Comparison of Consolidated Statement of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2017 with that of 30 June 2016.

GLG's sales decreased by US$15,394 thousand, or 9% to US$156,041 thousand compared to sales of US$171,435 thousand in the previous year.

Sales from FOB segment decreased by US$25,509 thousand, or 14.9% to US$145,926 thousand compared to US$$171,435 thousand in the previous year. The decline in sales was mainly attributed to continued weakness in our end-customers' retail apparel market. These end-customers have been facing intense competition and losing market share to on-line retails.

LDP business segment contributed US$10,115 thousand, or 6.5% to GLG's sales with gross profit margin of 31%. When GLG increases its LDP business, the sales and gross profit margin will continue to improve. It is worthy to note that LDP revenues include logistics and customs duty cost which are then deducted below the gross profit level.

Gross profit margin for the Textile (Fabric) segment increased to 10.8% compared to 9.0% in the previous year. The increase was largely attributable to improved production efficiency and lower yarn cost.

Despite the higher gross profit margin generated from LDP and Textile segments, the group reported only a slight increase in gross profit margin from 13.3% in the previous year to 13.8% for the current year ended 30 June 2017. This was due to lower gross profit margin recorded for FOB business segment of 10.1% compared to 11.5% in the previous year.

Summary commentary on results (cont'd)

Selling and distribution cost increased by 28.8% to US$3,410 thousand compared to US$2,648 thousand in the previous year. The increase in expenses was mainly due to the customs duties and freight costs incurred on outbound shipments to LDP customer from door-to-door, compared with the mainstream FOB business, where our delivery obligation terminates at the Port of Departure.

Administration expense decreased by 6.2% to US$10,244 thousand compared to US$10,924 thousand in the previous year. This reduction in expenses was achieved through a streamlining of processes and internal restructuring.

Finance cost decreased by 8.4% to US$1,215 thousand compared to US$1,327 thousand in the previous year, as the company did not have to incur financing cost associated with a previous customer for export trade financing.

GLG's profit after tax decreased by 13.1% to US$4,193 thousand, compared with US$4,827 thousand in the previous year. The reduction in profit after tax was mainly due to lower sales and pre-production costs incurred at the Vietnam garment factory.

Comparison of the Consolidated Statement of Financial Position as at 30 June 2017 with that of 30 June 2016.

Trade and other receivables increased by 13.9% to US$68,534 thousand as at 30 June 2017 compared to US$60,190 thousand as at 30 June 2016. The increase was primarily due to extended credit given to core customers in the current year.

Inventory increased by 6.8% to US12,515 thousand as at 30 June 2017 compared to US$11,715 thousand as at 30 June 2016, because of an increase in the Maxim's fabric mill inventory for raw materials and work-in-process.

Non-current other assets increased by 88% to US$2,615 thousand as at 30 June 2017 compared to US$1,391 thousand as at 30 June 2016, the increase was primarily due to the payment of infrastructure cost in Vietnam on an operating lease to an external party for the usage of land.

Property, plant and equipment increased by 29.3% to US$34,047 thousand as at 30 June 2017 compared to US$26,337 thousand as at 30 June 2016, the increase was due to the cost of investment in new machinery for the Vietnam garment factory and Maxim fabric mill. Correspondingly, this led to the current and long-term borrowings increased by 27.2%, to US$64,702 thousand as at 30 June 2017 compared to US$50,866 thousand as at 30 June 2016.

Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2017 with that of 30 June 2016.

GLG's cash from operating activities decreased by 57.4% to US$1,378 thousand as at 30 June 2017 compared to US$3,237 thousand as at 30 June 2016. The decrease was due to the decline in lower sales for the financial year.

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

Consolidated Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2017

	Note	Consolidated 2017 US$'000	Consolidated 2016 US$'000
Revenue	4	156,041	171,435
Cost of sales		(134,570)	(148,577)
Gross profit		**21,471**	22,858
Other income	4	344	1,295
Distribution expenses		(3,410)	(2,648)
Administration expenses		(10,244)	(10,924)
Finance costs		(1,215)	(1,327)
Other expenses		(2,469)	(2,778)
Profit before income tax expense		**4,477**	**6,476**
Income tax expense		(284)	(1,649)
Profit for the year		**4,193**	**4,827**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation deficit, on land and building, net of tax		(381)	(1,933)
Other comprehensive income, net of tax		**(381)**	**(1,933)**
Total comprehensive income for the year		**3,812**	**2,894**
Earnings per share:			
Basic (cents per share)	11	5.66	6.51
Diluted (cents per share)	11	5.66	6.51

Notes to the financial statements are included on pages 9 to 25

Consolidated Statement of financial position as at 30 June 2017

	Note	Consolidated 2017 US$'000	Consolidated 2016 US$'000
Current assets			
Cash and cash equivalents		6,881	7,908
Trade and other receivables	5	68,534	60,190
Inventory		12,515	11,715
Other assets	6	1,725	445
Other financial assets	7	344	344
Total current assets		**89,999**	**80,602**
Non-current assets			
Other assets	6	2,615	1,391
Other financial assets	7	6,871	7,333
Investment property	17	3,762	4,014
Investments accounted for using the equity method	15	-	-
Intangible assets	17	1,853	-
Property, plant and equipment	13	34,047	26,337
Total non-current assets		**49,148**	**39,075**
Total assets		**139,147**	**119,677**
Current liabilities			
Trade and other payables	8	25,580	23,097
Borrowings	9	53,824	41,336
Current tax liabilities		694	1,154
Total current liabilities		**80,098**	**65,587**
Non-current liabilities			
Borrowings	9	10,878	9,530
Deferred tax liabilities		1,077	1,278
Total non-current liabilities		**11,955**	**10,808**
Total liabilities		**92,053**	**76,395**
Net assets		**47,094**	**43,282**
Equity			
Issued capital	10	10,322	10,322
Revaluation reserves		3,599	3,980
Merger reserves		(14,812)	(14,812)
Retained earnings		47,985	43,792
Total equity		**47,094**	**43,282**

Notes to the financial statements are included on pages 9 to 25

Consolidated Statement of changes in equity for the financial year ended 30 June 2017

	Issued Capital	Asset Revaluation Reserve	Merger Reserve	Retained Earnings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Consolidated					
Balance at 1 July 2015	10,322	5,913	(14,812)	38,965	40,388
Profit after income tax expense	-	-	-	4,827	4,827
Other comprehensive income for the year, net of tax	-	(1,933)	-	-	(1,933)
Total comprehensive income	**-**	**(1,933)**	**-**	**4,827**	**2,894**
Balance at 30 June 2016	**10,322**	**3,980**	**(14,812)**	**43,792**	**43,282**
Balance at 1 July 2016	10,322	3,980	(14,812)	43,792	43,282
Profit after income tax expense	-	-	-	4,193	4,193
Other comprehensive income for the year, net of tax	-	(381)	-	-	(381)
Total comprehensive income	**-**	**(381)**	**-**	**4,193**	**3,812**
Balance at 30 June 2017	**10,322**	**3,599**	**(14,812)**	**47,985**	**47,094**

Notes to the financial statements are included on pages 9 to 25

Consolidated Statement of cash flows for the financial year ended 30 June 2017

		Consolidated	
	Note	2017 US$'000	2016 US$'000
Cash flows from operating activities			
Receipts from customers		151,676	175,835
Payments to suppliers and employees		(148,457)	(171,024)
Interest income		15	15
Interest and other costs of finance paid		(911)	(1,045)
Income tax paid		(945)	(544)
Net cash provided by operating activities	16	**1,378**	**3,237**
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		2	114
Payment for property, plant and equipment		(9,223)	(6,557)
Payment for software		(13)	-
Net cash used in investing activities		**(9,234)**	**(6,443)**
Cash flows from financing activities			
Net proceeds from/ (repayment of) borrowings		13,734	(8,216)
(Advances to)/ received from related parties		(488)	482
(Advances to)/ received from other parties		(6,417)	7,905
Net cash provided by/(used in) financing activities		**6,829**	**171**
Net decrease in cash and cash equivalents		**(1,027)**	**(3,035)**
Cash and cash equivalents at the beginning of the financial year		7,908	10,943
Cash and cash equivalents at the end of the financial year		**6,881**	**7,908**

Notes to the financial statements are included on pages 9 to 25

Notes to the Appendix 4E

1. General information

GLG Corp Ltd (the Company) is a public company listed on the Australian Securities Exchange (ASX: 'GLE'), incorporated in Australia and operating in Asia.

GLG Corp Ltd's registered office and principal place of business are as follows:

Registered office
Level 40 North Point
100 Miller St
North Sydney NSW 2060
Australia

Principal place of business
21 Jalan Mesin,
Singapore 368819

The entity's principal activities are the global supply of knitwear/apparel and supply chain management operation.

2. Significant accounting policies

Statement of compliance

The preliminary financial report has been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Standards Board for the measurement and recognition criteria. The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public pronouncements made by the consolidated entity during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. Unless otherwise detailed in this note, accounting policies have been consistency applied by the entities in the group, and are consistent with those applied in the 30 June 2016 annual 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 financial statements in accordance with that Legislative Instrument.

The accounting policies and methods of computation adopted in the preparation of the preliminary 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.

2. Significant accounting policies (cont'd)

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.

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.

Contingent consideration was valued in accordance with methods stated in Note 18.

2. Significant accounting policies (cont'd)

Common Control Business Combination

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.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at the acquisition date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognized (subject to certain limited exemptions).

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

2. Significant accounting policies (cont'd)

Business combination (cont'd)
Goodwill
All business combinations are accounted for by applying the acquisition method. Goodwill represent the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognized directly in the statement of profit or loss and other comprehensive income.

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 year.

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

3. Segment information

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 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.

3. Segment information (cont'd)

Consolidated – 30 June 2017	Fabric Manufacturing US$'000	Garment US$'000	Intersegment eliminations	Total US$'000
Revenue				
Sales to external customers	420	155,621	-	156,041
Intersegment sales	36,768	-	(36,768)	-
Total revenue	37,188	155,621	(36,768)	156,041
Interest revenue	9	6	-	15
Depreciation	1,929	303	-	2,233
EBIT	**3,008**	**2,684**	-	**5,692**
Finance costs				(1,215)
Profit before income tax expense				4,477
Income tax expense				(284)
Profit after income tax expenses				**4,193**

Consolidated – 30 June 2016	Fabric Manufacturing US$'000	Garment US$'000	Intersegment eliminations	Total US$'000
Revenue				
Sales to external customers	638	170,797	-	171,435
Intersegment sales	34,996	-	(34,996)	-
Total revenue	35,634	170,797	(34,996)	171,435
Interest revenue	6	9	-	15
Depreciation	1,882	232	-	2,114
EBIT	**3,403**	**4,400**	-	**7,803**
Finance costs				(1,327)
Profit before income tax expense				6,476
Income tax expense				(1,649)
Profit after income tax expenses				**4,827**

4. Revenue

	Consolidated 2017 US$'000	2016 US$'000
Revenue from the sale of goods	156,041	171,435
Other income		
Rental income	232	254
Sample income	28	43
Profit on sale of assets	-	62
Interest income	15	15
Grant	14	47
Payable written back	-	99
Productivity and Innovation Credit cash payout	-	180
Fair value adjustment on investment property	-	564
Other	55	31
Total other income	**344**	**1,295**
	156,385	**172,730**

5. Trade and other receivables

	Consolidated 2017 US$'000	2016 US$'000
Trade receivables		
Third parties	24,610	20,160
Other party- GLIT group	41,309	42,976
Related Parties	1,325	1,324
Other receivables	1,234	878
Provision for Doubtful Debts	(613)	(2,610)
	67,865	**62,728**
Less:		
Payable to Related Parties	-	-
Payable to Other Parties – GLIT group	(7)	(2,705)
	67,858	**60,023**
Goods and services tax recoverable	676	167
	68,534	**60,190**

The average credit period on sales of goods and rendering of services is 60 days. No interest is charged on the trade receivables outstanding balance.

Before accepting any new customers, the Group uses an external scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed twice a year. 99% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

5. Trade and other receivables(cont'd)

Included in the Group's trade receivable balance are debtors with a carrying amount of US$325 thousand (2016: $435 thousand) which are past due at the reporting date. There has been no significant change in credit quality and all amounts are considered recoverable. The Group does not hold any collateral over these balances.

	Consolidated	
	2017 US$'000	2016 US$'000
Ageing of Trade Receivables (excluding GLIT and Related Party amounts) past due but not impaired		
60 – 90 days	88	78
90 – 120 days	237	45
More than 120 days	-	312
Total	325	435
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	2,610	2,351
Charge / (credit) to profit or loss	277	300
Allowance written off during the year	(2,274)	(41)
Balance at the end of the year*	613	2,610

*Includes the provision for doubtful debts for Trade Receivables, both current and non-current. The Group has made a full provision of US$613 thousand for one of the customer which filed for Chapter 11 bankruptcy in the United States.

The provision made to one of the buyers who owed an amount for more than 5 years has been written off in this financial year.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Credit risk is concentrated with a few significant counterparties.

6. Other assets

	Consolidated	
	2017 US$'000	2016 US$'000
Current		
Prepayments	1,725	445
Non-current		
Prepayment	2,615	1,391

7. Other financial assets

	Consolidated 2017 US$'000	2016 US$'000
Current		
Trade receivables – Third parties (i)	368	368
Provision for Bad Debts	(24)	(24)
Total Current other financial assets	**344**	**344**
Non-current		
Other receivables – GLIT group	5,000	5,000
Loans and receivables – related parties (ii)(a)(b)	1,871	2,333
	6,871	**7,333**
Disclosed in the financial statements as :		
Total Non-current other financial assets	**6,871**	**7,333**

(i) The current trade receivable owed by third party has a provision for non-recovery in FY2017 of US$24 thousand (FY2016: US$24 thousand).

(ii) The loan owed by related parties consist of:

(a) US$1,871 thousand of rental deposit paid for the 10 years lease rental from Ghim Li Group Pte Ltd (2016: US$1,871 thousand).

(b) Terms loan repayable over 10 years at fixed interest rate of 2% p.a. commencing January 2016 was fully settled in FY2017 (2016: US$462 thousand).

8. Trade and other payables

	Consolidated 2017 US$'000	2016 US$'000
Trade payables (i)	3,236	1,309
Other payables	4,238	2,115
Parent company	15,757	16,708
Accruals – employee compensation	867	663
Accruals – construction fees	-	795
Accruals – deferred rent	536	417
Accruals – audit fee	84	161
Accruals – others	862	929
	25,580	**23,097**

(i) The average credit period on purchases of certain goods is 4 months. No interest is charged on the outstanding balance of trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

9. Borrowings

	Consolidated 2017 US$'000	2016 US$'000
Secured – at amortised cost		
Current		
Trust receipts (Gross) (i)	46,768	37,350
Bills payable (Gross)	2,768	1,679
Finance lease liabilities	136	61
Term loan	4,152	2,246
Total	**53,824**	**41,336**
Non-current		
Finance lease liabilities	38	74
Term loan	10,840	9,456
	10,878	**9,530**
Disclosed in the financial statements as:		
Current borrowings	53,824	41,336
Non-current borrowings	10,878	9,530
	64,702	**50,866**

Summary of borrowing arrangements:

(i) Secured by corporate guarantee from Ghim Li Group Pte Ltd and negative pledge over all assets of Ghim Li Global Pte Ltd.

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 renewable annually by the banks and long term financing facilities.

At 30 June 2017 GLG Corp Ltd had short term financing facilities available of US$133,603 thousand, long-term financing facilities available of US$23,252 thousand and foreign exchange available of US$19,102 thousand. (Short term: US$58,166 thousand was used and US$75,437 thousand was unused. Long-term: US$14,492 thousand was used and US$8,760 thousand was unused. Foreign exchange of US$19,102 thousand was unused). Compared with US$126,943 thousand of short term financing facilities, long-term financing facilities of US$26,880 thousand and forward contract available of US$8,908 thousand at 30 June 2016 (Short term: US$48,517 thousand was used and US$78,426 thousand was unused. Long-term: US$11,703 thousand was used and US$15,177 thousand was unused. Foreign exchange of US$8,908 thousand was unused). GLG believe that it will continue to have the strong support from main bankers for its working capital and capital expenditure requirements.

The weighted average effective interest rates for bank overdrafts, bills payable and trust receipts at the balance sheet date were as follows:

	2017	2016
Bank loans	2.57% p.a.	-
Term loan	3.88%	4.57%
Trust receipts / Bill payable	2.37%	1.82%
Finance lease liabilities	2.16% p.a.	3.70% p.a.

10. Issued capital

	Consolidated 2017 US$'000	Consolidated 2016 US$'000
74,100,000 (2016: 74,100,000) fully paid ordinary shares	**10,322**	**10,322**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Vote Right
The voting rights attached to each class of equity security are as follows:

Ordinary shares:
- Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Redeemable and convertible preference shares:
- These shares have no voting rights

	Consolidated		Consolidated	
	No. '000	2017 US$'000	No. '000	2016 US$'000
Fully paid ordinary shares				
Balance at beginning of financial year	74,100	10,322	74,100	10,322
Balance at end of financial year	**74,100**	**10,322**	**74,100**	**10,322**

11. Earnings per share

	Consolidated 2017 Cents per share	Consolidated 2016 Cents per share
Basic earnings per share:		
Total basic earnings per share	5.66	6.51
Diluted earnings per share:		
Total diluted earnings per share	5.66	6.51

Basic earnings per share
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2017 US$'000	2016 US$'000
Net profit	4,193	4,827
Earnings used in the calculation of basic EPS	4,193	4,827

	2017 No.'000	2016 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

11. Earnings per share (con't)

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share is as follows:

	Consolidated	
	2017 US$'000	**2016 US$'000**
Net profit	4,193	4,827
Earnings used in the calculation of diluted EPS	4,193	4,827

	Consolidated	
	2017 No.'000	**2016 No.'000**
Weighted average number of ordinary shares used in the calculation of diluted EPS	74,100	74,100

12. Contingent liabilities

	Consolidated	
	2017 US$'000	**2016 US$'000**
Contingent liabilities		
Guarantees arising from Letters of credit in force (i)	8,130	9,488
Total	**8,130**	**9,488**

(i) A number of contingent liabilities have arisen as a result of the Group's letter of credit issued by banks for purchase of goods.

13. Property, plant and equipment (cont'd)

Consolidated									
	At Valuation			At Cost					
Cost	**Freehold land and buildings**	**Leasehold land and buildings**	**Sub-total**	**Construction in Progress**	**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	US$'000
Balance as at 1 July 2015	2,546	11,505	14,051	-	9,209	2,770	4,392	567	30,989
Additions	-	35	35	2,960	2,866	194	346	78	6,479
Disposals	-	-	-	-	(48)	(9)	(381)	(255)	(693)
Revaluation deficit	(1,339)	(1,930)	(3,269)	-	-	-	-	-	(3,269)
Balance as at 30 June 2016	**1,207**	**9,610**	**10,817**	**2,960**	**12,027**	**2,955**	**4,357**	**390**	**33,506**
Additions	-	24	24	1,626	3,534	3,593	446	-	9,223
Additions through acquisition	-	-	-	-	1,017	11	50	25	1,103
Reclassification	-	-	-	(2,960)	-	2,960	-	-	-
Disposals	-	-	-	-	-	(1)	(13)	-	(14)
Revaluation deficit	(76)	(591)	(667)	-	-	-	-	-	(667)
Balance as at 30 June 2017	**1,131**	**9,043**	**10,174**	**1,626**	**16,578**	**9,518**	**4,840**	**415**	**43,151**

13. Property, plant and equipment (cont'd)

Consolidated									
	At Valuation			At Cost					
Cost	**Freehold land and buildings**	**Leasehold land and buildings**	**Sub-total**	**Construction in Progress**	**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	US$'000
Accumulated depreciation									
Balance as at 1 July 2015	172	821	993	-	1,930	1,390	2,176	502	6,991
Depreciation expense	34	340	374	-	1,050	448	192	50	2,114
Depreciation on disposals	-	-	-	-	(17)	(9)	(321)	(253)	(600)
Revaluation deficit	(206)	(1,130)	(1,336)	-	-	-	-	-	(1,336)
Balance as at 30 June 2016	**-**	**31**	**31**	**-**	**2,963**	**1,829**	**2,047**	**299**	**7,169**
Depreciation expense	8	295	303	-	1,304	418	182	25	2,232
Depreciation on disposals	-	-	-	-	-	-	(11)	-	(11)
Revaluation deficit	(8)	(278)	(286)	-	-	-	-	-	(286)
Balance as at 30 June 2017	**-**	**48**	**48**	**-**	**4,267**	**2,247**	**2,218**	**324**	**9,104**
Net book value									
As at 30 June 2016	**1,207**	**9,579**	**10,786**	**2,960**	**9,064**	**1,126**	**2,310**	**91**	**26,337**
As at 30 June 2017	**1,131**	**8,995**	**10,126**	**1,626**	**12,311**	**7,271**	**2,622**	**91**	**34,047**

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

14. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Ghim Li Global Pte Ltd	Singapore	100	100
Ghim Li Global International Ltd	Hong Kong	100	100
Escala Fashion Pte. Ltd.	Singapore	100	100
Ghim Li International (S) Pte Ltd	Singapore	100	100
G&G International Pte Ltd (ii)	Singapore	100	100
Escala (USA) Inc	USA	100	100
G&G Fashion (Vietnam) Co., Ltd.	Vietnam	100	100
Maxim Textile Technology Sdn Bhd (ii)	Malaysia	100	100
Maxim Textile Technology Pte Ltd (ii)	Singapore	100	100
Ghim Li Global International (GuangZhou) Ltd	China	100	100
Ghim Li Fashion (M) Sdn Bhd (i)	Malaysia	100	-

i) This company was acquired on 30 June 2017.
ii) These companies were acquired on 12 December 2016 through common control acquisition.

15. Investments accounted for using the equity method

Name of entity	Country of incorporation	Principal activity	Ownership interest 2017 %	Ownership interest 2016 %
Jointly controlled entities				
JES Apparel LLC	USA	Importer of knitwear products	**51**	**51**

Summarised financial information in respect of the Group's jointly controlled entity is set out below:

	Consolidated 2017 US$'000	Consolidated 2016 US$'000
Financial position:		
Current assets	393	393
Current liabilities	(1,879)	(1,879)
Net assets	(1,486)	(1,486)
Group's share of jointly controlled entity's net assets	(757)	(757)
Financial performance:		
Income	-	-
Expenses	-	-
Total loss for investment in joint venture	-	-
Group's share of jointly controlled entity's losses	-	-

The entity ceased business in 2012 and the consolidated entity's share of losses for 2017 and 2016 was nil. The entity's cumulative unrecognised share of retained losses is US$757 thousand (2016: US$757 thousand).

16. Notes to the cash flow statement

Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated	
	2017 US$'000	2016 US$'000
Profit for the year	4,193	4,827
Depreciation and amortisation of non-current assets	2,233	2,114
Bad debts write-off	296	2,533
Fair value adjustment on investment property (Note 17)	252	(564)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	(539)	(7,176)
Trade and other receivables	(4,695)	3,182
Other assets	(2,071)	211
Increase/(decrease) in liabilities:		
Trade and other payables	2,370	(2,995)
Current tax	(460)	85
Deferred tax	(201)	1,020
Net cash provided by operating activities	**1,378**	**3,237**

17. Investment property

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.

	Consolidated	
	2017 US$'000	2016 US$'000
Beginning of financial year	4,014	3,450
Fair value (loss)/gain recognised in profit or loss	(252)	564
End of financial year	**3,762**	**4,014**

18. 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 million, which includes contingent consideration of US$7,600 thousand. 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 US$37,188 thousand and profit after tax of US$2,339 thousand to the consolidated entity for the financial year ended 30 June 2017. 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 US$35,634 thousand with profit after tax of US$1,907 thousand to the consolidated entity for the year ended 30 June 2016.

19. Business combination

On 30 June 2017, Ghim Li International (S) Pte Ltd, a subsidiary of GLG Corp Ltd, acquired 100% of the ordinary share of Ghim Li Fashion (M) Sdn Bhd, a company incorporated in Malaysia. This is a business which engages in the manufacturing of garments. With this acquisition, GLG will enhance its manufacturing and supply chain business with additional capacity and gives the Group the ability to offer more control and speed-to market solutions to the Groups end customers. The acquired entity did not contribute to any profit from ordinary activities or revenue for the Group's consolidated results for the year ended 30 June 2017 as the acquisition was on the last day of the year.

The consideration of US$5 million of the acquisition of Ghim Li Fashion (M) Sdn Bhd from GLIT Holdings Pte Ltd was offset against the receivables due to the Group on 30 June 2017.

Had Ghim Li Fashion (M) Sdn Bhd been acquired by the Group as of 1 July 2016, i.e. a year ago, the acquired entity would have contributed Revenue of US$6,268 thousand and Profit after tax of US$261 thousand to the consolidated group for the year ended 30 June 2017.

Transaction costs of US$18 thousand were recognised in respect to this acquisition, hence included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017.

As the acquisition was completed on 30 June 2017, the Group has provisionally accounted for the acquisition in the balance sheet as of 30 June 2017. The final position of the fair value of the assets and liabilities acquired will be accounted for within 12 months in accordance with AASB 3 – Business Combinations.

19. Business combination (cont'd)

Details of the acquisition are as follows:

	Fair value $'000
Consideration	
- Offset against GLIT receivable	5,000
Total consideration	**5,000**
Net identifiable assets acquired	
- Cash	144
- Trade and other receivables	2,383
- Inventories	260
- Other current assets	433
- Property, plant and equipment	1,103
- Trade and other payables	(1,062)
- Finance lease payable	(102)
Net identifiable assets acquired	**3,159**
Goodwill on acquisition	**1,841**

Intangible assets

	Consolidated	
	2017 US$'000	**2016 US$'000**
Software - Cost	13	-
Accumulated depreciation	(1)	
Net book value	12	
Goodwill	1,841	-
	1,853	-

20. Subsequent event

There has been no subsequent events after the year ended 30 June 2017 to the date of this report.