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 2017
Previous Reporting Period - Half Year Ended 31st December 2016

1. Highlight of Results

2. Appendix 4D Financial Statements for the Half Year ended 31 December 2017

1. Results for announcement to market

Summary financial information for the company for the six months ended 31st December 2017. Full financial details are attached to this announcement.

		Consolidated		
Summary Information	**31 –DEC-17 USD$'000**	**31 –DEC-16 USD$'000**	**Inc/(Dec) USD$'000**	**Inc/(Dec) %**
Revenue from Ordinary Activities	88,679	70,932	17,747	25.0%
Profit/(Loss) after Tax from Ordinary Activities	1,854	2,104	250	(11.9%)
Net Profit/(Loss) after Tax Attributable to Members	1,854	2,104	250	(11.9%)
Basic Earnings – US Cents Per Share	2.50	2.84	0.34	(12.0%)
Diluted Earnings – US Cents Per Share	2.50	2.84	0.34	(12.0%)
Net Tangible Assets – US Cents Per Share	64.43	61.25	3.18	5.2%

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:

GLG's top-line revenue increased by 25% from US$70,932 thousand to US$88,679 thousand for the first half of this financial period ended 31 December 2017. This is due to business wins achieved in new programs with existing customers, in addition to increase in volume for repeat orders. LDP (Landed Duty Paid) business which represents direct outbound shipments delivered to customers door-to-door, also helps to contribute towards the increase in revenue.

Gross margin improved by 2% in first half of FY2018 compared with a year ago, due to better product mix and increased fabric margin.

Selling and distribution costs increased by 228% to US$3,113 thousand compared to US$948 thousand in the previous period 2016, mainly due to the higher customs duties and freight costs incurred on outbound shipments to LDP customers from door-to-door. Travel costs also increased for sales and marketing personnel for business development activities with customers.

Administrative expenses remained flat as we saw increase in admin costs for garment manufacturing operations in Malaysia and Vietnam, offset by a decrease in admin costs in Singapore HQ.

Finance costs increased by 114% from US$417 thousand to US$892 thousand in the first half of 2018 compared with the corresponding period in the previous year, due to the increase in purchase of raw materials to support higher sales and new machineries investment.

Other expenses increased by 197% from US$509 thousand to US$1,514 thousand due to commitment fees paid to the outsourced manufacturer and additional legal fees during the period ended 31 December 2017.

Net profit after tax for GLG for the half year ended 31 December 2017 was US$1,854 thousand, which represents a decrease of US$250 thousand or 12% compared to the corresponding period last year of US$2,104 thousand. Overall, the decrease due to higher expenses incurred by the GLG, as explained earlier.

Directors Comments: (cont'd)

Balance Sheet position

Trade and other receivables increased by 21% to US$83,038 thousand as at 31 December 2017 compared to US$68,534 thousand as at 30 June 2017. The increase was primarily due to extended credit given to core customers in the current period and an increase in advances to GLIT to support their factories' working capital for the increased production required by GLG.

Inventory increased by about 6% to US$13,255 thousand as at 31 December 2017 compared to US$12,515 thousand as at 30 June 2017, due to increase in the inventory of raw materials and work-in-process within the fabric mill to support the upcoming orders and avoid any delay its purchase orders from customers.

Investment property increased in value from US$3,762 thousand as of 30 June 2017 to US$5,170 thousand as a result of two reasons: a) increase in fair value driven by appreciation of the Malaysia Ringgit over US dollar as the asset is originally denominated in the Malaysia Ringgit, and b) the reclassification from freehold land and building to Investment Property due to the premise being fully rented out from 1 July 2017 compared to 30 June 2017 when a portion was still utilised internally i.e. not rented out.

Current and non-current borrowings increased by 7% to US$69,409 thousand as at 31 December 2017 compared to US$64,702 thousand as at 30 June 2017, as a result of an increase in trade financing from financial institutions to support the business growth.

Cash Flow

Overall, GLG's cash from operating activities decreased to US$3,260 thousand for the half year ended 31 December 2017 compared to US$6,778 thousand for the corresponding period ended 31 December 2016. The decrease in the cash flow from operating activities was mainly due to higher freight costs and custom duties in the LDP business and funding of the loss-making Vietnam business.

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.

Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the interim report.