GLG Corp Ltd

ACN 116 632 958

Financial report for the half-year ended 31 December 2017

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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 2017. 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	Lead Independent Director
Shane Hartwig	Independent Director
Felicia Gan Peiling	Director

Review of operations

Review of operations

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' report (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 an 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 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 premises 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.

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

There were no 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
13th February 2018

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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 2017, 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, 13 February 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GLG Corp Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of GLG Corp Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

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

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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

J Bresolin

John Bresolin
Partner

Sydney, 13 February 2018

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 2017 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
13th February 2018

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2017

	Consolidated Half-year ended 31 Dec 2017 US$'000	31 Dec 2016 US$'000
Continuing Operations		
Revenue	88,679	70,932
Cost of sales	(75,610)	(61,881)
Gross profit	**13,069**	**9,051**
Other income	170	162
Selling and distribution expenses	(3,113)	(948)
Administration expenses	(5,537)	(5,283)
Finance costs	(892)	(417)
Other expenses	(1,514)	(509)
Profit before income tax expense	**2,183**	**2,056**
Income tax (expense) / benefit	(329)	48
Profit for the period	**1,854**	**2,104**
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Fair value adjustment of reclass PPE to investment property	53	-
Foreign exchange translation difference for foreign operations	633	-
Total comprehensive income for the period	**2,540**	**2,104**
Earnings per share:		
From continuing operations:		
Basic (cents per share)	2.50	2.84
Diluted (cents per share)	2.50	2.84

Notes to the financial statements are included on pages 14 to 25

Consolidated statement of financial position as at 31 December 2017

	Note	Consolidated 31 Dec 2017 US$'000	Consolidated 30 Jun 2017 US$'000
Current assets			
Cash and cash equivalents		4,941	6,881
Trade and other receivables	3(a)	83,038	68,534
Inventory		13,255	12,515
Other assets		1,081	1,725
Other financial assets		344	344
Total current assets		**102,659**	**89,999**
Non-current assets			
Other assets		2,571	2,615
Other financial assets		6,871	6,871
Property, plant and equipment	7	33,298	34,047
Investment property	8	5,170	3,762
Intangible assets	9	1,893	1,853
Total non-current assets		**49,803**	**49,148**
Total assets		**152,462**	**139,147**
Current liabilities			
Trade and other payables		31,687	25,580
Borrowings	3(b)	59,463	53,824
Current tax liabilities		639	694
Total current liabilities		**91,789**	**80,098**
Non-current liabilities			
Borrowings	3(b)	9,946	10,878
Deferred tax liabilities		1,093	1,077
Total non-current liabilities		**11,039**	**11,955**
Total liabilities		**102,828**	**92,053**
Net assets		**49,634**	**47,094**
Equity			
Issued capital		10,322	10,322
Retained earnings		49,839	47,985
Merger reserve		(14,812)	(14,812)
Foreign currency translation reserve		633	-
Revaluation reserve		3,652	3,599
Total equity		**49,634**	**47,094**

Notes to the financial statements are included on pages 14 to 25

Consolidated statement of changes in equity for the half-year ended 31 December 2017

	Issued Capital US$'000	Merger Reserve US$'000	Foreign Currency Translation Reserve US$'000	Revaluation Reserve US$'000	Retained Profits US$'000	Total US$'000
Consolidated						
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**
Balance at 1 July 2017	10,322	(14,812)	-	3,599	47,985	47,094
Profit after income tax expense	-	-	-	-	1,854	1,854
Other comprehensive income for the half-year, net of tax	-	-	633	53	-	686
Total comprehensive income for the half- year	-	-	633	53	1,854	2,540
Balance at 31 December 2017	**10,322**	**(14,812)**	**633**	**3,652**	**49,839**	**49,634**

Notes to the financial statements are included on pages 14 to 25

Consolidated statement of cash flows for the half-year ended 31 December 2017

	Consolidated	
	Half-year ended	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Cash flows from operating activities		
Receipts from customers	82,445	72,692
Payments to suppliers and employees	(78,085)	(65,120)
Interest and other costs of finance paid	(738)	(282)
Interest received	6	4
Income tax paid	(368)	(516)
Net cash provided by operating activities	**3,260**	**6,778**
Cash flows from investing activities		
Payment for property, plant and equipment	(1,454)	(5,182)
Payment for software	(46)	-
Proceeds from disposal of property, plant and equipment	28	1
Net cash used in investing activities	**(1,472)**	**(5,181)**
Cash flows from financing activities		
Proceeds from borrowings	4,706	5,919
Amounts advanced to other parties	(8,630)	(5,314)
Payments from/ (amount advanced) to related parties	196	(368)
Net cash (used in) / generated by financing activities	**(3,728)**	**237**
Net (decrease) / increase in cash and cash equivalents	**(1,940)**	**1,834**
Cash and cash equivalents at the beginning of the financial period	6,881	7,908
Cash and cash equivalents at the end of the financial period	**4,941**	**9,742**

Notes to the financial statements are included on pages 14 to 25

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 2017 annual financial report for the financial year ended 30 June 2017, 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.

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. Segment information

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: fabric and garments. These operatin segmentss are based on the internal reports that are reviewed and used by the Board of Directors in assessin 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.

2. Operating segments (cont'd)

Operating segment information

Consolidated – 31 December 2017	Fabric manufacturing US$'000	Garment US$'000	Intersegment eliminations US$'000	Total US$'000
Revenue				
Sales to external customers	169	88,510	-	88,679
Intersegment sales	23,623	12,518	(36,141)	-
Total revenue	23,792	101,028	(36,141)	88,679
Interest received	6	148	(148)	6
Depreciation	1,064	334	-	1,398
EBIT	2,150	925	-	3,075
Finance costs				(892)
Profit before income tax expense				2,183
Income tax expense				(329)
Profit after income tax expense				1,854

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
Interest received	4	-	-	4
Depreciation	938	95	-	1,033
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

2. Segment information (cont'd)

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	Fabric	
	31 December 2017 US$'000	**31 December 2016 US$'000**
Malaysia	-	97
Singapore	104	192
Myanmar	65	-
	169	**289**

	Garments	
	31 December 2017 US$'000	**31 December 2016 US$'000**
Canada	17,013	13,675
China	37	-
Europe	4,309	3,878
Indonesia	2	-
Japan	94	34
Malaysia	11	-
Mexico	-	43
Singapore	32	61
USA	67,012	52,952
	88,510	**70,643**

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 2017	30 June 2017
	US$'000	US$'000
Trade receivables		
Third parties	30,652	24,610
Other party – GLIT group	52,450	41,309
Related parties	1,349	1,325
Other receivables	943	1,234
Allowance for doubtful debts	(613)	(613)
Subtotal	**84,781**	**67,865**
Less:		
Payable to GLIT group	(2,959)	(7)
Subtotal	**81,822**	**67,858**
Goods and services tax recoverable	1,216	676
Total Trade and other receivables	**83,038**	**68,534**

(b) Borrowings

As at	31 December 2017	30 June 2017
	US$'000	US$'000
Current		
Trust receipts (Gross) (i)	44,827	46,768
Bills payable (Gross)	9,798	2,768
Finance lease liabilities	22	136
Term Loan	4,816	4,152
Total current borrowings	**59,463**	**53,824**
Non-current		
Finance lease liabilities	30	38
Term Loan	9,916	10,840
Total non-current borrowings	**9,946**	**10,878**
Disclosed in the financial statements as:		
Current borrowings	59,463	53,824
Non-current borrowings	9,946	10,878
Total borrowings	**69,409**	**64,702**

3. Disclosure of additional information (cont'd)

(b) Borrowing (cont'd)

(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 2017, GLG Corp Ltd had short term financing facilities available of US$133,273 thousand, long term financing facilities available of US$27,595 thousand and foreign exchange facility available of US$17,310 thousand (Short term: US$67,823 thousand was used and US$65,450 thousand was unused. Long term: US$13,630 thousand was used and US$13,965 thousand was unused). GLG believes it continues to have the strong support from its main financers for its working capital and capital expenditure requirements.

4. Contingent Liabilities

	31 December 2017	30 June 2017
	US$'000	US$'000
Guarantees arising from letters of credit in force (i)	8,596	8,130
Total	8,596	8,130

(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

5. Subsequent Events

There have been no subsequent events after the half year ended 31 December 2017 to the date of this report.

6. Investments accounted for using the equity method

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

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

Assets measured at fair value include:

- Freehold and leasehold land and buildings - Level 3

Freehold and leasehold land and buildings of the Company were revalued on 30 June 3017 by One Asia Property Consultants (KL) Sdn. Bhd, an external, independent and registered valuer. The comparison method was adopted in arriving at the market value of the freehold and leasehold land and buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique as compared with previous financial year and revaluations are done on an annual basis.

Freehold and leasehold land and buildings at valuation are categorised as Level 3 fair value, which has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input to this valuation approach is price per square foot of comparable properties.

Description	Valuation Approach	Unobservable inputs	Range of inputs	Weighted average	Relationship of unobservable inputs to fair value
Property	Sales comparison	Price per square foot	RM23-46 per square foot for land RM30-100 per square foot for building RM = Malaysian Ringgit currency	RM27 per square foot for land RM76 per square foot for building	The higher the price per square foot the higher the fair value

7. Non-current assets – property, plant and machinery (cont'd)

	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 2017	1,131	9,043	10,174	1,626	16,578	9,518	4,840	415	43,151
Additions	-	35	35	-	2,000	122	57	-	2,214
Foreign Currency Exchange Differences	-	499	499	-	-	-	-	-	499
Reclassification	(1,131)	-	(1,131)	-	-	-	-	-	(1,131)
Disposals	-	-	-	(594)	(729)	-	(12)	-	(1,335)
Balance as at 31 December 2017	-	**9,577**	**9,577**	**1,032**	**17,849**	**9,640**	**4,885**	**415**	**43,398**

7. Non-current assets – property, plant and machinery (cont'd)

	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**
Accumulated depreciation									
Balance as at 1 July 2017	-	48	48	-	4,267	2,247	2,218	324	9,104
Depreciation expenses	-	145	145	-	880	243	108	21	1,397
Foreign currency exchange differences	-	(134)	(134)	-	-	-	-	-	(134)
Depreciation on disposals	-	-	-	-	(263)	-	(4)	-	(267)
Balance as at 31 December 2017	**-**	**59**	**59**	**-**	**4,884**	**2,490**	**2,322**	**345**	**10,100**
Net book value									
As at 30 June 2017	1,131	8,995	10,126	1,626	12,311	7,271	2,622	91	34,047
As at 31 December 2017	-	9,518	9,518	1,032	12,965	7,150	2,563	70	33,298

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

8. Investment property

The investment property is located at Lot 7962, Batu 22, Jalan Air Hitam, 81000 Kulai, Johor in Malaysia. It was revalued by One Asia Property Consultants (KL) Sdn. Bhd, an external, independent and registered valuer using the sales comparison method on 30 June 2017, and has been categorised as Level 3 fair value. Revaluations are done on an annual basis. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input to this valuation approach is price per square foot of comparable properties.

The investment property has 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.

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value. Changes in fair values are recognised in profit or loss.

Description	Valuation Approach	Unobservable inputs	Range of inputs	Weighted average	Relationship of unobservable inputs to fair value
Investment property	Sales comparison	Price per square foot	RM30 to 65 per square foot for land RM40 to 100 per square foot for building RM = Malaysian Ringgit currency	RM46 per square foot for land RM73 per square foot for building	The higher the price per square foot, the higher the fair value

	Consolidated	
	31 December 2017 US$'000	30 June 2017 US$'000
Beginning of financial period	3,762	4,014
Fair value gain/ (loss) recognised in profit or loss	224	(252)
Fair value gain recognised in revaluation reserve	53	-
Reclassification from freehold land and building	1,131	-
End of financial period	**5,170**	**3,762**

9. Intangible Assets

		US$'000
Software		
Cost		
	At July 1, 2017	13
	Additions	47
	At December 31, 2017	60
Accumulated Depreciation		
	At July 1, 2017	1
	Additions	7
	At December 31, 2017	8
Net book value		
	At July 1, 2017	**12**
	At December 31, 2017	**52**
Goodwill		1,841
Total Intangible assets		
As at 30 June 2017		**1,853**
As at 31 December 2017		**1,893**

Software
Computer software is stated as intangible assets in the statement of financial position and amortised on the straight line method over 3 years.

Goodwill – recognition and measurement

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 and has an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assessed as part of the Ghim Li Fashion (M) Sdn Bhd CGU as the goodwill originated from this acquisition in FY17. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.