ghim li
Group of Companies

GLG CORP LTD

ANNUAL REPORT FY2018

A GLOBAL TEXTILE & APPAREL SUPPLY CHAIN ENTERPRISE

GHIM LI'S NETWORK

Over 10,000+ employees across 6 countries

shipping over 67 million garments annually

*Outsourced Manufacturing Partner

COMPANY SECRETARY	REGISTERED OFFICE	PRINCIPAL ADMINISTRATION OFFICE	SHARE REGISTRY
Mr Alistair Chong	L40 100 Miller St North Sydney NSW 2060 Australia	21 Jalan Mesin Singapore 368819	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Australia

Cautionary Statement

Some statements contained in this annual report are not of historical facts but are statements of future expectation with respect to financial conditions, results of operations and business, and related plans and objectives. Such forward-looking statements are based on GLG Corp Ltd's current views and assumptions including but not limited to, prevailing economic and market conditions and currently available information. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements. It should be noted that the actual performance or achievements of GLG Corp Ltd may vary significantly from such statements.

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CHAIRPERSON / CEO'S MESSAGE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Estina Ang Suan Hong
Chairperson & CEO

Dear shareholders, customers, board members, employees and stakeholders,

In today's world, information is made available instantaneously to our customers and their end-customers via the internet and proliferation of smartphone use. Globalisation and digitalisation are connecting people and businesses with information so dynamically that it revolutionises the flow of information that breaks down the borders between retail, apparel and textile industries. With the advent of technological tools including artificial intelligence and the digitalisation of our supply chain, such information is quickly aggregated and analysed to gauge and satisfy customer demand.

The apparel industry is embracing globalisation at such a rapid pace that only the strongest retailers with well-recognized brands will do well as they enter this changing era where consumer want both online e-Commerce platform and offline brick-and-mortar stores. As our customers continue to consolidate and move towards an omni-channel model, with the changing needs of the end-consumer, they are launching new ways to enhance their customer experience. The world of fast fashion has seen millennials wanting wider choice for trendy, multiple-use clothing, besides the ease and convenience of online shopping. Hence, clothes manufacturers and retailers are fostering closer collaboration towards a common, win-win strategy to improve their supply chain process integration. Specifically, we see procurement practices of retailers focus on areas like lead-time reduction for order fulfilment, more product styles and colour choice, smaller order quantities, vendor payment term extensions and higher risks assumed by the manufacturers. As one of their key manufacturing partners, we have to respond to our customers by translating their desires into better and quicker products and services.

We are embracing these changes by continuously engaging with our customers and providing them with our production of superior fabric, clothes and services, with quality, timeliness and competitive pricing. All this would not be possible, had we not taken in our customers' feedback and needs within our supply chain process.

In our fiscal year FY2018 ending June 30, 2018, our Group achieved another year of success in growing top-line revenue, this time to US$180 million, a level last seen in FY2015. Our Sales & Marketing arm generated impressive momentum revenue with increased orders from existing customers. New customers were added to the portfolio, one of which we have made maiden shipments in the second fiscal quarter of FY2018. Sales in our fabric mill in Malaysia namely, Maxim Textile Technology Sdn Bhd, grew impressively to approximately US$52 million, an all-time high record for this textile business. The operating profit (EBIT) of this entity increased by 50%, year on year to approximately US$4.5 million, proving that the acquisition and investment of the Group in this textile business harbours great opportunity. The future of our textile business is on a strong growth track and will continue to serve as a key driver for the Group performance, as we plan to allocate more investment capital to enhance manufacturing capacity in this upcoming fiscal year.

For the past two fiscal years, we have established a strong manufacturing presence in Asia, with our garment manufacturing investments in Vietnam and Malaysia. At the end of this fiscal year FY2018, we announced that we took a further strategic step with our decision to invest in garment manufacturing in Cambodia to provide our own in-house production capacity for future growth. We consider such an investment to be critical to winning higher volumes from existing and new customers especially in Canada and Europe and to assist us in delivering optimal business results.

WE ARE EMBRACING THESE CHANGES BY CONTINUOUSLY ENGAGING WITH OUR CUSTOMERS AND PROVIDING THEM WITH OUR PRODUCTION OF SUPERIOR FABRIC, CLOTHES AND SERVICES, WITH QUALITY, TIMELINESS AND COMPETITIVE PRICING.

We have the right strategy in place when we started our journey in vertical integration with the acquisition of textile manufacturing in Malaysia, along with our expansion of production capacity in garment manufacturing in Vietnam, Malaysia and Cambodia. Progress is made in putting these unique assets to work towards serving our customers better. With our execution of the strategies and people in place, we have built a strong foundation to serve our customers, most of whom have been with us for decades. We are well-positioned to win business as we have the right plan. We are excited about our future and I wish to take this opportunity to extend my thanks to you all.

Yours truly,

Estina Ang Suan Hong
Chairperson & CEO

VISION

To be a WORLD-CLASS LEADER in textiles and apparel, growing STRATEGIC ALLIANCES with our customers

MISSION

To make our customers more successful by:

Focusing on our SPEED of services

Ensuring competitive products COSTS

Providing high QUALITY products

Meeting / exceeding COMPLIANCE standards

Maintaining efficient and effective seamless SUPPLY CHAIN MANAGEMENT

CORE VALUES

Diversity and Respect is our life blood and governs the way we do business and makes our company stronger. Our diverse workforce mirrors different cultures and viewpoints to create a work environment for our people to succeed. We encourage our people to express their thoughts and ideas. We treat each other with dignity.

Customer-Focus, where we value our customers as the fundamental reason for us to be in business. We act on our customers' terms by offering quality products and solutions, with the best customer services possible. We look for every opportunity where we can exceed our customers' expectations.

Commitment to **Quality and Efficiency,** where we build on your business to deliver this promise at all time

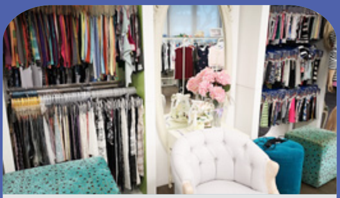
Results Orientation, characterized by our people taking ownership, being accountable for what needs to be done and getting the job done despite obstacles and difficulities

SNAPSHOT OF GLG CORP LTD

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

APPAREL SUPPLY CHAIN SERVICES

- Product Design & Styling
- Product Development (For Volume Manufacturing)
- Material Sourcing
- Technical Support
- Quality Assurance & Compliance
- Warehousing, Logistics & Customs Clearance
- Direct Shipment From Manufacturing Origin to Final Distribution Center of Customer



FABRIC & APPAREL MANUFACTURING SERVICES

- Production Planning & Control
- Fabric R&D & Manufacturing
- Apparel Manufacturing
- Printing
- Embroidery
- Wet & Dry Processing

CORPORATE SERVICES

- Business Development
- Marketing & Merchandising
- Sales
- Finance
- Human Resources & General Admin
- Information Technology
- Corporate Affairs & CSR

FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

GROSS MARGIN
US$25,280,000

REVENUE
US$180,606,000

PROFIT BEFORE TAX
US$3,806,000

OUR SUPPLY CHAIN NETWORK
6 COUNTRIES
67 MILLION
PIECES SHIPPED

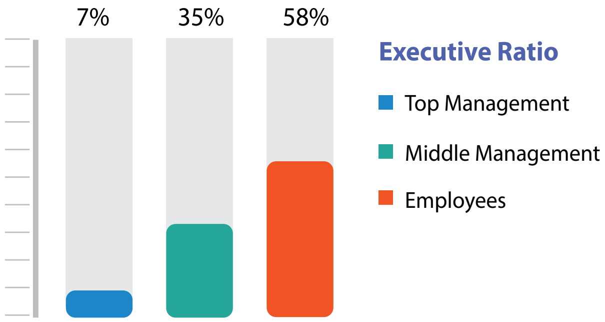
NET TANGIBLE ASSETS PER SHARE
US65.42 cents

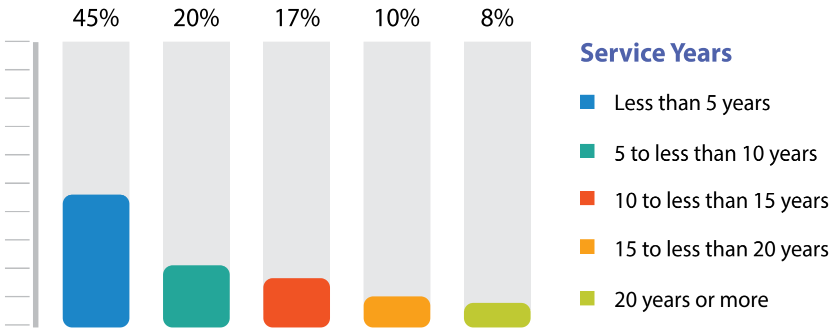
OPERATING CASH FLOW
US$6,809,000

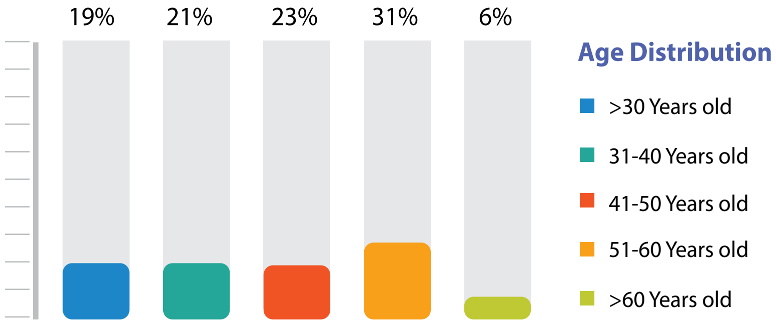
OUR PEOPLE AND OUTSOURCED FACTORY REPRESENTATIVES
10,000+

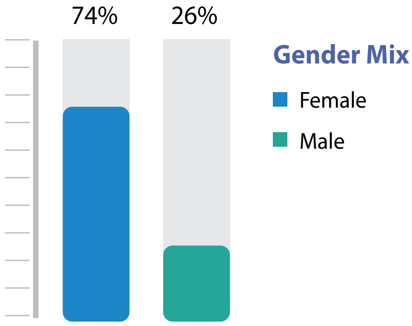
PEOPLE HIGHLIGHTS FOR THE YEAR

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018









OPERATIONAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

FY2018 was a significant year for the Singapore Headquarters' marketing arm, Ghim Li Global Pte Ltd, as it achieved revenue of about US$180 million, which was the level of revenue attained three years ago in FY2015. This marks a turnaround year as it was able to return to its revenue momentum after the slowdown for the past two years (FY2016 and FY2017) impacted by the global retail landscape.

OUR 2019 JOURNEY

FIRST QUARTER

JULY 17

BDO Australia Partner visits GLG Corp's Singapore HQ and factories in Malaysia

AUG 17

August Board meetings held in Singapore HQ to review FY2017 financials, audit, etc.

AUG 17

Completion of Appendix 4E (Prelim Report) and filing with ASX

SEPT 17

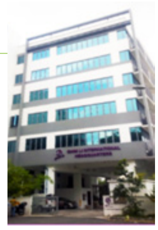
Statutory Report FY2017 completed and filed with ASX

SECOND QUARTER

OCT 17
AC Chairman/ Board member visits Vietnam garment factory to review operations

OCT 17
Annual Report FY2017 completed and sent to shareholders and available on company website

NOV 17
Held 1st bi-annual Business and operations review of Singapore HQ and all subsidiaries



NOV 17
Annual General Meeting for GLG Corp held in Sydney

NOV 17
Maiden shipments of garments for new customer, J. Crew

THIRD QUARTER

FEB 18
Appendix 4D (First Half of FY2018) financial statements audited and filed with ASX

FEB 18
February Board meetings held in Singapore HQ to review business results, HR matters, etc.

MAR 18
Held 2nd bi-annual Business and operations review of Singapore HQ and all subsidiaries

MAR 18
CMO (Felicia Gan) elected by customer, Macy's as Chairman of Vendor Council

FOURTH QUARTER

APR 18
Ghim Li Malaysia factory achieved Macy's self-inspection Quality program

MAY 18
May Board meetings held in Singapore HQ to approve Budget FY2019 and business strategies

MAY 18
Ghim Li Malaysia factory attained Macy's self fit approval

JUN 18
Maxim Malaysia Fabric Mill achieved a new milestone of US$52m, an all-time high revenue, after its acquisition in Dec2016

JUN 18
Grew the LDP Door-to-door business to reach $16M in FY2018

OPERATIONAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018




In the current fiscal year ending June 2018, the Company has enhanced its manufacturing capacity in its fabric mill in Malaysia, with an all-time record of revenue of US$52 million to support the increased demand of knitted fabric from its customers. This is a new milestone for the fabric mill which was acquired by the Company in December 2016, as part of its vertical-integration and textile manufacturing strategic roadmap.

G&G FASHION (VIETNAM) CO., LTD.





G&G Fashion (Vietnam) Co. Ltd was a legal entity incorporated in Vietnam in 2016 to house GLG Corp Ltd's first-owned garment manufacturing factory, to supplement its outsourced manufacturing capacity. In FY2018, the factory had its first year of volume production, although not at its optimal level.

GHIM LI FASHION (MALAYSIA) SDN BHD

At the end of June 2017, the Company acquired Ghim Li Fashion (M) Sdn Bhd, a garment manufacturing factory in Malaysia to enhance its production capacity. Since acquisition, its operating results were consolidated into the Group in FY2018.

GG FASHION (CAMBODIA) CO., LTD.

In June 2018, we also witnessed the Company's decision to invest in garment manufacturing capacity, for the first time, in Cambodia by entering into an agreement to purchase some specific assets in Cambodia from GLIT Holdings Pte Ltd and its subsidiary in Cambodia.

The intention is to establish a new legal entity, GG Fashion (Cambodia) Co. Ltd in Cambodia to own and manage these assets in its own garment manufacturing factory in Cambodia.

This is another step forward to enhance its manufacturing and supply chain business from its original state of being just a trading agent to become a vertical-integrated textile and garment manufacturing player.

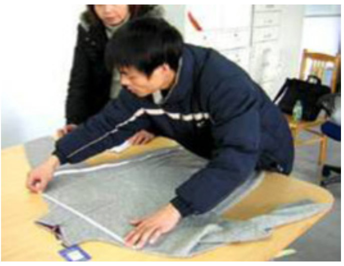
OPERATIONAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

TECHNICAL EXPERTISE & QUALITY ASSURANCE

TECHNICAL EXPERTISE

3D Pattern for garment fitting
Grading of Technical Specification
USA trained & Certified Fit Engineer
Self Colour Approvals



QUALITY ASSURANCE

Achieving the Right Final Product On-time
Adherence to Buyers Quality Standards
Proactive Quality Assurance
Implementation of traffic light system to achieve zero defects

CUSTOMISED DESIGNS & GRAPHIC SUPPORT

FABRIC R&D AND SOURCING

GLOBAL SOURCING NETWORK OF YARNS AND FABRICS.

R & D FOCUS ON:

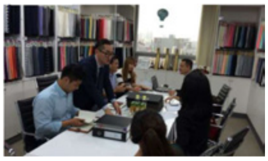
Process Improvement

Cost Saving

Fabric Engineering & Design

New Development on finishing

Fabric trends and market Intelligence



TREND INTELLIGENCE TO CUSTOMERS

WORKING IN PARTNERSHIP IN THE CREATIVE PROCESS

Seasonal Design Creation

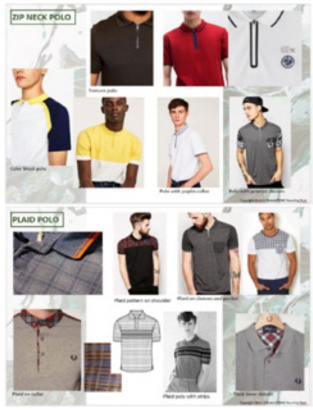
Customized Fabric & Accessories Sourcing

Customized Design support

Technical Design & Sampling execution

Directional graphic designs for print, embroidery & embellishment





MEET GLOBAL COMPLIANCE STANDARDS

As the industry faces heightened customer awareness & expectation, Ghim Li as a responsible supply chain understands the need to adhere strictly to global quality and compliance standards.

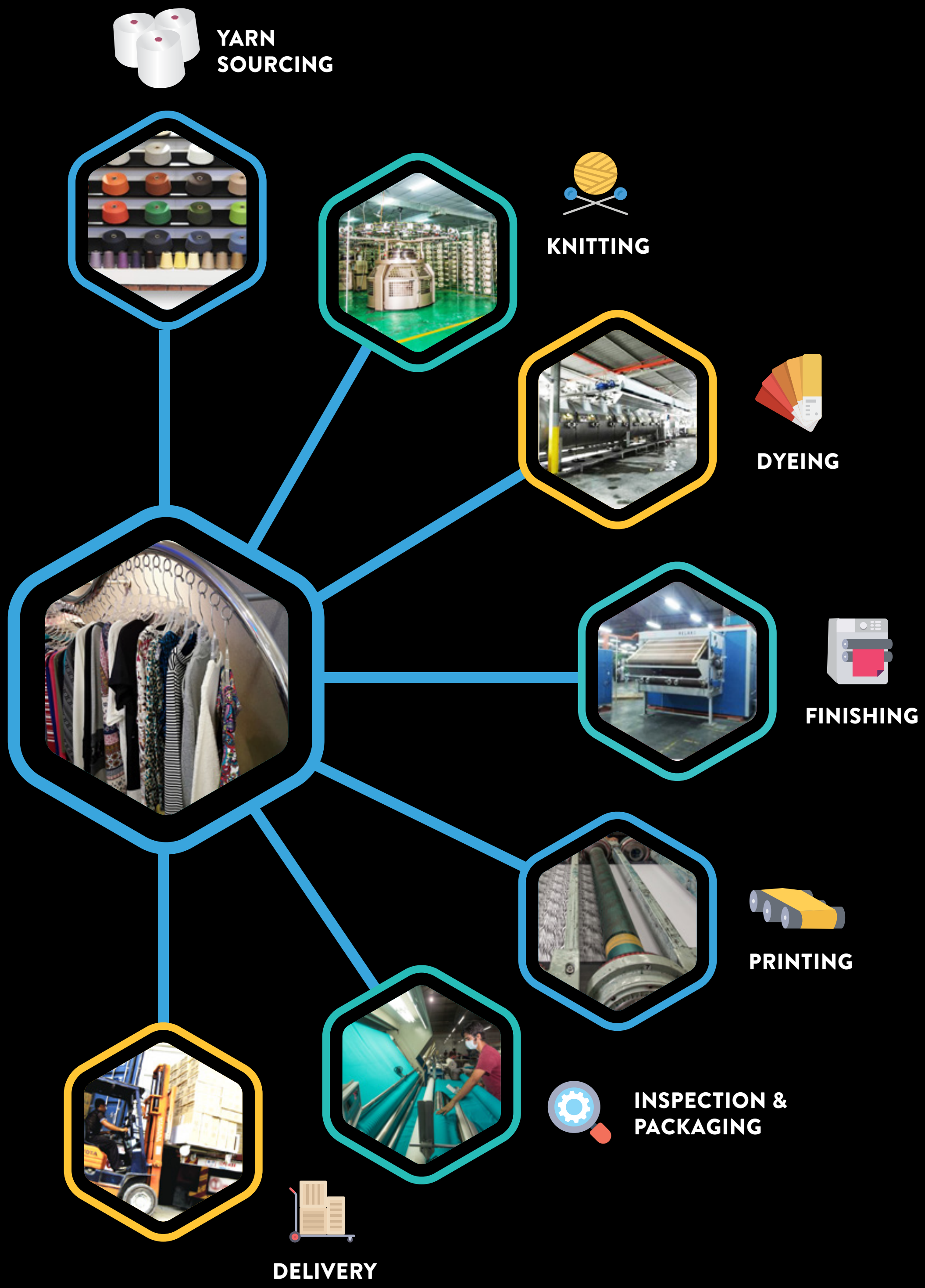
Our Suppliers and all our facilities aim to meet or excel in every compliance standards relating to **Social Compliance, CTPAT Compliance;** and **Environment Compliance** and are regularly audited by 3rd Party auditors.

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex Standard 100
No. SHHO 063619 TESTEX Zürich

GREEN CERTIFIED 2013-2015

WORLDWIDE RESPONSIBLE ACCREDITED PRODUCTION WRAP

MAXIM
FABRIC MILL PROCESS



AUDIT COMMITEE REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Dear Shareholders,

For this financial year ended 30 June 2018, I am delighted to present, on behalf of the Audit Committee, a report covering the three areas mentioned below, in the interest of greater shareholder communications.

1) PROGRESS OF THE WORK DONE BY BDO AS OUR EXTERNAL AUDITOR

BDO was engaged with effect from 16th January 2017 to express an audit opinion on the Group's financial statements. BDO undertook the audit for the financial year ended 30 June 2017. BDO has also undertaken the audit for this financial year, i.e. the 12 months ended 30 June 2018.

The Audit Committee believes that it has established a good working relationship with BDO. The Audit Committee notes with pleasure BDO's knowledge of the textile and garment industry and the extensiveness of their network that has allowed their people in Singapore, Vietnam and Cambodia to engage with ours. The Audit Committee has reviewed the scope of work, the presentations, comments and findings by BDO. Based on these reviews and observations, the Audit Committee is satisfied that the work carried out by BDO provides an appropriate, objective and independent audit service to the Group's directors and senior management.

2) REVIEW OF PURCHASE PRICE ACCOUNTING OF GHIM LI FASHION (M) SDN BHD, SUBSEQUENT TO ITS ACQUISITION

The Group acquired Ghim Li Fashion (M) Sdn Bhd (GLM) on 30 June 2017 and provisionally accounted for this acquisition in compliance with AASB 3 – Business Combinations, which requires the initial purchase price accounting to be reviewed and updated during its first 12 months, after acquisition. Management, supported by



a report by an independent valuer, AV Capital, prepared an analysis to assess the final position of the fair value of the identifiable assets and liabilities acquired within the 12 months since 30 June 2017. The scope of this analysis covered review of tangible assets and liabilities of GLM from FY2014 to FY2018 for fair value assessment and the existence of any intangible assets such as Customer Relationship, Operating Know-How and Non-Compete agreement during FY2018.

The Audit Committee has accepted management's conclusion that there is no new information about the facts and circumstances of GLM, since the acquisition that would have affected the provisional price based on the fair value of its net identifiable assets and liabilities. Hence, no accounting adjustments are required.

3) KEY AUDIT MATTERS

The Audit Committee reviewed the Group's consolidated financial statements for the financial year ended 30 June 2018, as well as BDO's Audit Report before submitting them to the Board for its approval. The Audit Committee discussed with management the accounting principles that were applied, and reviewed the critical accounting estimates and judgments made in two key areas, namely:

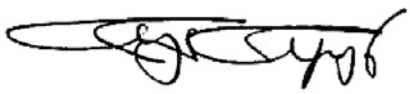
a) The impairment of Goodwill, resulting from the acquisition of GLM, by comparing the carrying value of each identifiable asset to its recoverable amount. The Audit Committee reviewed management's preparation of an impairment analysis, which identified any impairment indicators and key estimates such as the discount rate reasonableness for its risk profile and business growth rate assumptions for future years up to its terminal year. Further, the financial results of the current year were reviewed against the budget to ascertain whether management was capable of producing accurate budgets used in the impairment analysis, including assumptions on capital expenditure and gross margin assumptions used in the analysis. The Committee accepted management's conclusion that the resulting Goodwill balance continued to be well-supported. Accordingly, no impairment for FY2018 would be required.

b) The recoverability of Receivables as a risk due to its material balance and potential for overstatement

The Audit Committee reviewed the work undertaken by management with respect to third-party receivables excluding GLIT of the Group. The Audit Committee has reviewed management's work with respect to aging, trends, current industry practice and other tests of recoverability. Accordingly, the Audit Committee accepted management's view that there are no significant recoverability issues.

The Audit Committee has given additional attention with respect to the GLIT receivable. The Audit Committee asked for and management provided an extensive assessment of the GLIT receivable to support its recoverability. Although the GLIT receivable balance has risen, this was in line with the increase in sales of the Group which resulted in an increase in working capital and fabric materials sent to them for garment manufacturing. After offsetting the accessibility of trust receipts and the amount of available collaterals in place, management concluded that the receivable was recoverable at the reporting date. The Audit Committee has accepted this finding.

We thank you for your attention.



Christopher Chong

Chairman, Audit Committee &
Lead Independent Director

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet regularly and follow guidelines set down to ensure all directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are as follows:

Name	Position
Estina Ang Suan Hong	Executive Chairman and Chief Executive Officer
Christopher Chong Meng Tak	Lead Independent Director
Shane Hartwig	Independent Director
Felicia Gan Peiling	Executive Director

The skills, experience and expertise relevant to the position of director as well as the period of office held by each director are set out in the Directors' Report on pages 34 to 35.

ESTINA ANG
Chairman & CEO
Executive Director
Member of Nomination & Remuneration Committee

CHRISTOPHER CHONG
Lead Independent Director
Chairman of Audit Committee
Member of Nomination & Remuneration Committee

SHANE HARTWIG
Independent Director
Chairman of Nomination & Remuneration Committee
Member of Audit Committee

FELICIA GAN
Chief Marketing Officer
Executive Director

BOARD RESPONSIBILITIES

As the Board acts on behalf of the shareholders and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board, through the Audit Committee, receives reports from management on an on-going basis as to the material risks associated with the company's operations and the recommended risk mitigation process that they undertake. The Board has established a Code of Conduct which in summary, requires that at all times Directors and employees act with the integrity, objectivity and in compliance with the letter and spirit of the law and company policies. GLG has established a written policy designed to ensure compliance with ASX listing rule disclosure and accountability as senior executive level for compliance.

Under the guidance of the ASX's Corporate Governance Principles and Recommendations (3rd edition), the Board has established a Nomination and Remuneration Committee and an Audit Committee. The name of members of each committee and their attendance at meetings is contained on page 41 of the Annual Report.

The Nomination and Remuneration Committee has established a policy prohibiting transactions in associated products which limit the economic risk of participating in unvested entitlements under equity-based remuneration scheme.

A copy of the Company's Code of Conduct, Audit Committee charter, Nomination and Remuneration Committee charter and the terms and conditions of the continuous disclosure and shareholder communication policy is made publically available on the Company's website.

DIVERSITY

The Company has implemented a Diversity Policy. This policy sets as a target 25% of all Board seats and management positions to be held by women. The Board is also considering other means to encourage diversity. The Company recognises the benefits of a diverse workforce and is committed to providing an environment that encourages diversity. The Board monitors the diversity profile of its workforce. As the Company already has gender diversity as evidenced by the proportion of women reported below, the Board has not set any measurable objectives.

At 30 June 2018, the proportion of women employed by GLG Corp Ltd was:

- Board of Directors 50%
- Senior Executives 48%
- Total Workforce 83%

DEALING IN GLG CORPORATION'S SECURITIES BY DIRECTORS AND EMPLOYEES

Directors, officers and employees of the Company are prohibited from trading in GLG securities apart from the period 15 days commencing the day after GLG announces its half-yearly, preliminary final reports and full year accounts. A full outline of the Company's securities trading policy has been made available on the Company website.

RISK MANAGEMENT POLICY

Risk is an inherent part of GLG Corp's business, which operates in a highly competitive market sector. GLG Corp is committed to the management of risk as an integral part of its business, focusing on strategies to minimise risk which are regarded as threats to its achievement of objectives and goals.

The objectives of this policy are to:

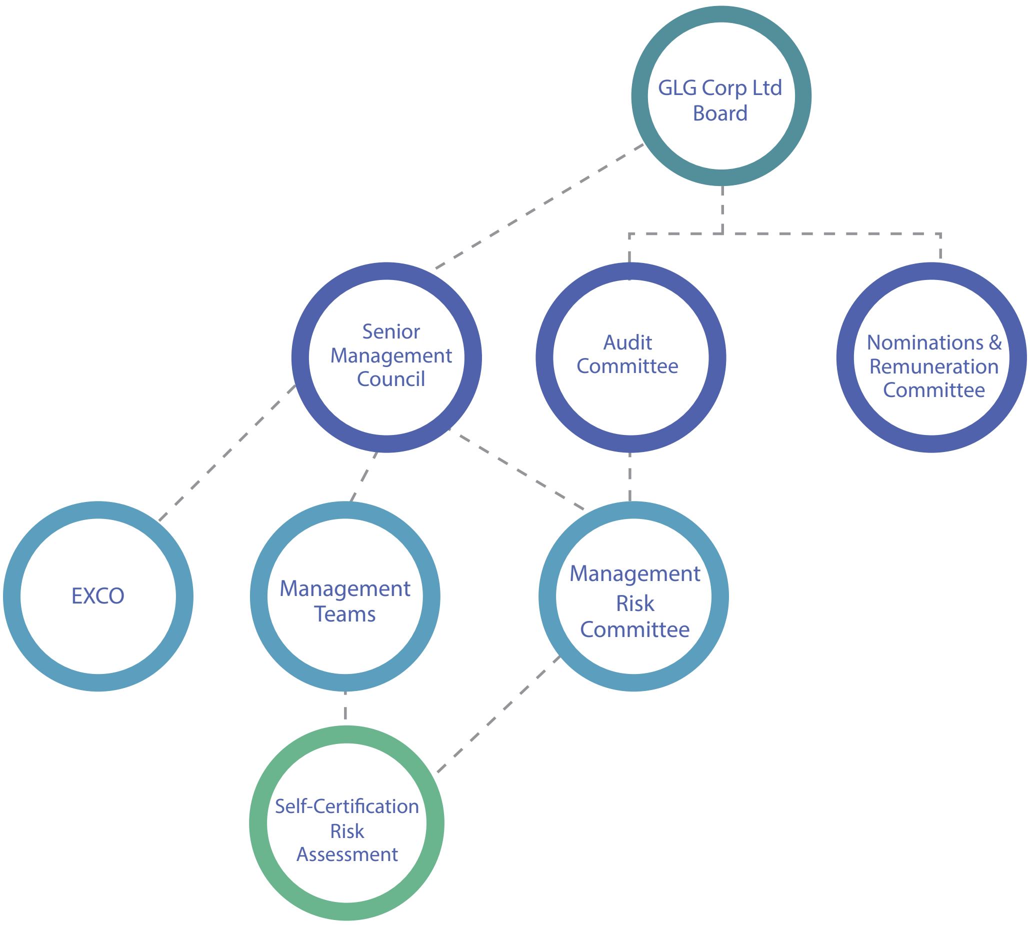
- Outline the company's approach to risk management;
- Improve decision-making, accountability and outcomes through the effective use of risk management;
- Integrate risk management into daily operations of the company and its outsourced business partners;
- Consider risk appetite in protecting staff and business assets and strategy execution

GLG Corp is committed to managing risk in order to benefit the company and manage the cost of risk. To meet this commitment, risk is every employee's business. All employees are required to be responsible and accountable for managing risk in so far as reasonably practicable within their area of responsibility.

Sound risk management principles and practices must become part of the normal management strategy for all business units within GLC Corp including its outsourcing business partners.

The management of risk is to be integrated into GLG Corp's existing planning and operational processes and fully recognised in GLG Corp's reporting processes.

CORPORATE GOVERNANCE STRUCTURE



The management of GLG Corp is responsible to the Board of GLG Corp for the following:

- Approving GLG Corp's risk management policy and its effective implementation;
- Endorsement of any changes to the GLG Corp's risk management framework, including key policies and procedures to reflect new developments;
- Monitoring compliance with the endorsed risk management framework through management reporting to the Board of GLG Corp in Board meetings; and
- Delegating authority to staff, where appropriate

The Board regularly reviews business risks applicable to the business and ongoing operations. Additionally, the Board considers risk profiles as part of the annual strategy review and budget planning review. The effectiveness of risk management is unavoidably linked to management competence, commitment and integrity, all of which forms the basis of sound Corporate Governance.

The following table summarises the roles and responsibilities of each level in discharging their duties on risk management:

BOARD	Provides policy, oversight and review of risk management
AUDIT COMMITTEE	Overseas regular review of risk management activities
CHIEF EXECUTIVE OFFICER	Drives culture of risk management and accountable for protecting the company from unacceptable costs or losses associated with its operations
RISK COMMITTEE	Develop and implement systems for effectively managing the risks that affect the achievement of objectives and operational outcomes. Continuously improving risk management policy, strategy and supporting framework
SENIOR MANAGEMENT	Ensure staff in their business or functional units comply with the risk management policy and foster a culture where risks can be identified and escalated
STAFF, BUSINESS PARTNERS AND CONTRACTORS	Comply with risk management policies and procedures

The following are the specific risk categories included in the risk register and reporting:

- Customer risks (including their financial conditions, solvency, credit worthiness);
- Competitor risks;
- Investment risks;
- Operational risks;
- Outsourced partner and contract manufacturing risks;
- Legal, regulatory and compliance risks (including product liability, legal compliance guideline set by customers);
- Resources risks (including HR, IT, etc.);
- Finance risks (including liquidity, trade credit financing, foreign exchange, etc.);
- Reputation risks; and
- External factor risks

RISK MANAGEMENT REPORTING

Our Management Risk Assessment is an enabling tool that highlights key risks. and categorize such key risks into the above components.

RISK CATEGORIES UNDER 3 GROUPS

Strategic Risks
- Investment
- External Factors (e.g. Hazards)

Commercial Risks
- Customer Business
- Competitors
- Reputation

Operational Risks
- Operations
- Outsourced Partner & Manufacturing
- Legal, Regulatory & Compliance
- Resources (e.g. Human Resources, Information systems, Corporate resources, Property or Assets, etc.)
- Finance

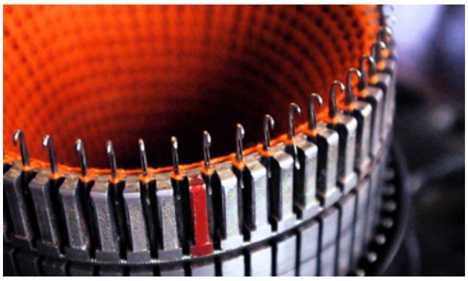
GLG CORP'S RISK MANAGEMENT PROCESS

We implement a 5-step process in risk management as follows:

KEY RISKS IDENTIFICATION	PRIORITIZATION TO TOP 10	EVALUATION AND TREATMENT	MONITORING & REPORTING	CONTROL, COMMUNICATE AND CAPTURE
Review the Risk context and Identification of Specific Key Risks	Analysing and Prioritizing selected risks	Evaluation and Treatment of risks (identify RMA)	Monitoring (routine checks by management) and Reporting;	Controlling, Communication and Knowledge-Capturing

The Management Risk Committee is responsible for reviewing this policy document in conjunction with senior management and staff every year. The outcome of this review process is submitted to the Board for approval. The Management Risk Committee indicates, in its opinion and based on its activities, any significant residual business risks which remain at an unacceptably high level.

The Company's policies in relation to risk oversight and management of material business risk are made publicly available on the Company website.



AUDIT COMMITTEE

The Audit Committee reviewed the statement of financial position of the consolidated financial statements of GLG for the financial year ended 30 June 2018, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The Audit Committee discussed with Management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgments made in preparing the financial statements.

The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the Audit Committee (AC):

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
GLG Corp Limited acquired Ghim Li Malaysia Sdn Bhd (GLM) on 30 June 2017, with purchase consideration that includes Goodwill, which represents the difference between the acquisition price and fair value of the net identifiable assets acquired. Under AASB136: Impairment of Assets, Goodwill is required to be tested for impairment, by comparing the carrying value of each asset to its recoverable amount.	The AC reviewed that: a) Management prepared an impairment analysis to identify any impairment indicators and none were noted. Management concluded there was no impairment required as at 30 June 2018. Key estimates included in the management analysis were: • The use of an appropriate discount rate which is reasonable for the risk profile of GLG • The assumption of a conservative business growth rate for FY2019 and subsequent years including the terminal growth rate. The conclusion of this impairment analysis showed that the resulting goodwill balance was well-supported, with no need for impairment for FY2018 b) The actual financial results of FY2018 against the budget for the year was reviewed and showed that actual performance exceeded the budget targets, giving the AC the assurance that management is capable of producing accurate budgets used in the impairment analysis. Also, allowances for capital expenditure by GLM and Gross Margin assumptions used in the impairment analysis were reasonable and in line with actual performance. After taking into account the above analysis, the AC concurred with management that no impairment charge is required for the GLM acquisition for FY2018.

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
Due to the material balance and potential for overstatement, recoverability of receivables is assessed as a risk.	The AC assessed and confirmed the following: a) Normal trade receivables in GLG Corp Ltd have been reviewed for recoverability, noting that the aging of the receivables do not show any customers having old-aged receivables and that the balances by key customers within the receivables are in line with current trends in business with no recoverability issues. b) The valuation of the GLIT Receivable continues to be an area of focus due to the commercial nature of GLG's business. Management provided an extensive assessment of the GLIT receivable to support its recoverability. Although the receivable balance due from such outsourced manufacturing suppliers have risen, this was in line with the increase in sales of GLG Corp Ltd which resulted in an increase in working capital and fabric materials sent to them for garment manufacturing. With the accessibility of trust receipts available for offset and the amount of available collaterals in place, the receivable is evaluated to be recoverable at the reporting date. The turnover analysis, which showed the average turnover of the receivable is approximately 3-4 months with constant turning, appears to support its recoverability at period-end. c) Subsequent to the Balance Sheet date, the GLIT receivable in GLG Corp Ltd is expected to be reduced by US$8.5 million, upon completion of the purchase transaction, by way of set-off for the purchase consideration of the specific assets acquired from Ghim Li (Cambodia) Pte Ltd, based on a signed agreement on 28th June, 2018.

OTHER INFORMATION

The Company's corporate governance practices and policies in relation to the matters reserved to the board, matters delegated to senior executives and a copy of the board charter are publicly available at the Company's registered office. The policies have also been posted on the Company's website.

CORPORATE GOVERNANCE STATEMENT

GLG Corp (GLG) or (The Company's) Directors and management are committed to conducting GLG's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of GLG's operations. The Company has prepared this statement which sets out its corporate governance practices that were in operation for the financial year ended 30 June 2018, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations. The Company's corporate governance policies and charters and policies are all available on the Company's Website (www.ghimli.com).

Principle	ASX Corporate Governance Council Recommendations – 3rd Edition	Comply?
1.	**Lay solid foundations for management and oversight**	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	**Yes** The Board has adopted a charter which establishes the role of the Board and its relationship with management. The primary role of the Board is the protection and enhancement of long term shareholder value. Its responsibility is the overall strategic direction of GLG. The functions and responsibilities of the Board and management are consistent with ASX Principle 1. A copy of the Board Charter is posted on the Website.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	**Yes** The Board has a formal Nomination & Remuneration Committee. The Nomination and Remuneration Committee's functions and powers are formalised in a Charter and is posted on the Website. It is the role of the Nomination & Remuneration Committee to identify suitable candidates to complement the existing Board, to undertake appropriate checks on the candidate; to seek confirmation from the candidate that he/she will have sufficient time to fulfil his or her responsibilities as a director; and subject to the results of such checks and confirmations, to make recommendations to the Board on their appointment. The Company provides information to shareholders about Directors seeking re-election at the annual general meeting to enable them to make an informed decision on whether or not to re-elect the Director, including their relevant qualifications and experience and the skills they bring to the Board; details of any other listed directorships held by the Director in the preceding 3 years; the term of office already served by the Director; whether the Director is considered to be independent; and a recommendation by the Board in respect of the re-election of the Director

1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	**Yes** Each Director is given a letter upon appointment which outlines the Director's duties, obligations, remuneration, expected time commitments and notification of the Company's policies. Similarly senior executives including the CEO and CFO, have a formal job description and services agreement describing their term of office, duties, rights and responsibilities, and entitlements on termination. The Company will disclose the material terms of any employment, service or consultancy agreement it enters into with its CEO (or equivalent).
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	**Yes** The Company Secretary is responsible for co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, ASX and all statutory and other filings. The Company Secretary is accountable to the Board, and all Directors have access to the Company Secretary. The decision to appoint or remove the Company Secretary is be made and/or approved by the Board.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	**Yes** The Company is committed to the principles of employing people with a broad range of experiences, skills and views. All executives, managers and employees are responsible for promoting workforce diversity. The company has adopted a Diversity Policy which can be viewed on our website. The Diversity Policy requires the commitment of the Directors and Senior Management to promote the specific objective of diversity and seeks to ensure, to the extent that is practicable and appropriate, that the Company's director appointment and employee recruitment processes are undertaken with reference to the objectives of the Diversity Policy. The objectives of the Company's Diversity policy are centred on a wide range of diversity criteria including gender, age, ethnicity and cultural background. The Company discloses the proportion of women on the Board, in Senior positions and in the company as a whole. Measurable objectives have been specified and the company has exceeded the objectives since the inception of the policy.

1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	**Yes** The Directors undertake an annual process to review the performance and effectiveness of the Board, the Board Committees and individual directors. The CEO leads a discussion and provides feedback to individual Directors as necessary.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	**Yes** The Company's Chief Executive Officer evaluates the performance of GLG's senior executives annually. The Nomination and Remuneration Committee reviews the Chief Executive Officer's performance annually. The Committee also reviews and approves senior management bonuses. Evaluations were undertaken this year.
2.	**Structure the board to add value**	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively	**Yes** The Board has a formal Nomination & Remuneration Committee comprising two independent directors and the CEO. Current members are Shane Hartwig (Independent Director and Chairman) Christopher Chong (Lead Independent Director), and Estina Ang (CEO). The Nomination & Remuneration Committee's functions and powers are formalised in a Charter and is posted on GLG's website. The number of times that the Nomination & Remuneration Committee met throughout the financial year and the individual attendances of the members at those meetings are disclosed in the Company's Annual Report.

2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	**Yes** The Company has a skills matrix which is disclosed in the Directors report.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in item 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director	**Yes** Currently, the Board comprises four Directors, two independent and two Executives. Christopher Chong (Lead Independent Director), Shane Hartwig (Independent Director), Estina Ang (CEO) and Felicia Gan (Chief Marketing Officer). The Board has considered the circumstances of each Director and determined that all Non-Executive Directors were independent as described in item 2.3 of the Recommendations. The Corporations Act 2001, the Company's Constitution and the Board meeting process requires Directors to advise the Board of any interest they have that has the potential to conflict with the interests of GLG, including any development that may impact their perceived or actual independence. If the Board determines that a Director's status as an independent Director has changed, that determination will be disclosed and explained in a timely manner to the market. The length of service of each Director is set out in the Company's Annual Report. Independent Directors formally advise the Board of their independent (or other) status each year.
2.4	A majority of the board of a listed entity should be independent directors.	**No** Currently, the Board comprises two independent Directors and two executive Directors. Christopher Chong (Lead Independent Director), Shane Hartwig (Independent Director), Estina Ang (CEO) and Felicia Gan (Chief Marketing Officer). The company believes this is an appropriate mix of skills and experience.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	**No** The Chairperson and CEO, Estina Ang Suan Hong, is integral in maintaining the business and important customer and banking relationships. This is commonplace in Asia and reflects 'respect' and economic imperative.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	**Yes** The Company has procedures and policies in place to assist Directors in fulfilling their responsibilities. Each Director, at any time, is able to seek reasonable independent professional advice on any business-related matter at the expense of the Company. Directors also have access to adequate internal resources to seek any information from any officer or employee of the Company, or to require the attendance of management at meetings to enable them as Directors to fulfil their duties.

3	Act ethically and responsibly	
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it	**Yes** The Board has established a Code of Conduct which articulates acceptable practices for directors, senior executives and employees, to guide their behaviour and to demonstrate the commitment of the Company to ethical practices.
4.	**Safeguard integrity in corporate reporting**	
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	**Partly** The Board has a formal Audit Committee currently comprising two Independent Directors – Christopher Chong and Shane Hartwig. The role of the Audit Committee is to advise on financial information prepared for use by the Board or for inclusion in financial statements. The Chairman of the Audit Committee is the Lead Independent Director. The Audit Committee's functions and powers are formalised in a Charter and is posted on GLG's website. The number of times that the Audit Committee met throughout the financial year and the individual attendances of the members at those meetings, and the relevant qualifications and experience of the Audit Committee members are disclosed in the Company's Annual Report and below under 'Directors Meetings'.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	**Yes** The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Company's financial position and prospects. The Board reviews GLG's half yearly and annual financial statements. The Board requires that the Chief Executive Officer and the Chief Financial Officer state in writing that GLG's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	**Yes** Shareholders are encouraged to attend the Company's Annual General Meeting, with the auditors available via conference call. Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.
5.	**Make timely and balanced disclosure**	
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	**Yes** The Company has a documented policy which has established procedures designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure accountability at a senior management level for that compliance. The focus of these procedures is on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities and improving access to information for all investors. The Chief Executive Officer and the Company Secretary are responsible for interpreting GLG's policy and where necessary informing the Board. The purpose of the procedures for identifying information for disclosure is to ensure timely and accurate information is provided equally to all shareholders and market participants.
6.	**Respect the rights of security holders**	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	**Yes** The Board informs shareholders of all major developments affecting GLG's state of affairs as follows: 1. Placing all relevant announcements made to the market, on the Website after they have been released to ASX; 2. Publishing all corporate governance policies and 3. Placing the full text of notices of meeting and explanatory material on the Website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	**Yes** The Company communicates with its shareholders and investors by posting information via the ASX or website, and by encouraging attendance and participation of shareholders at general meetings. Management and/or Directors may meet with shareholders from time to time upon request and respond to any enquiries they may make. The Share Registry 'Link Market Services', also includes an investor relations program, which gives all investors access to information through the market registry.

6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	**Yes** Shareholders are encouraged to attend the Company's Annual General Meeting. The AGM is an opportunity for shareholders to hear the Directors provide updates on Company performance, ask questions of the Board and vote on the various resolutions affecting the business. Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	**Yes** Investors are able communicate with the Company electronically via the website. Investors are also able communicate with the Company's registry electronically by emailing the registry or via the registry's website.
7.	**Recognise and manage risk**	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	**Partly** The Board is responsible for the management of risk due to the current size of the Board. GLG is committed to embedding risk management practices to support the achievement of business objectives. The Board is responsible for reviewing and overseeing the risk management strategy and for ensuring GLG has an appropriate corporate governance structure. Within that overall strategy, management has designed and implemented a risk management and internal control system to manage material business risks. GLG has implemented a 5-step process to manage risk as follows: 1) Review the Risk context and Identification of specific key risks 2) Analysing and Prioritizing selected risks 3) Evaluation and Treatment of risks 4) Monitoring and Reporting; and 5) Controlling, Communication and Knowledge-Capturing GLG risk categories are: 1) Customer Risks (including their financial conditions, solvency, credit worthiness, etc.) 2) Competitor Risks 3) Investment Risks 4) Operational Risks 5) Outsourced Partner and Contract Manufacturing Risks 6) Legal, Regulatory and Compliance Risks 7) Resources Risks (including HR, IT, etc.) 8) Finance Risks (including liquidity, trade credit financing, forex, etc.) 9) Reputation Risks 10) External Factors Risks The Management Risk Committee provides reports for Board meetings. The policy is available on the website www.ghimli.com

7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	**Yes** The Board reviews the risk management framework and policies of the Company. The Board has delegated responsibilities to the Management Risk Committee who then provides reports to the Board. The Board is responsible for approving policies on risk assessment and management. The policy is available on the website.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	**Yes** Management reviews the Company's business units, organisational structure and accounting controls and processes on a regular basis and reports to the Audit Committee and in turn to the Board; the Board is satisfied that the processes in place to identify the Company's material business risks are appropriate and that these risks are being effectively managed. GLG's risk management processes continue to be monitored and reported against. A description of GLG's risk management policy and internal compliance and control systems is available on the Website.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	**Yes** The Company's operations are not subject to any significant environmental regulations. The Directors believe that the Company has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements.

8.	Remunerate fairly and responsibly	
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	**Yes** The Board has a formal Nomination and Remuneration Committee comprising three members two of whom are independent and the CEO. Current members are Shane Hartwig (Independent Director and Chairman), Christopher Chong (Lead Independent Director) and Estina Ang (CEO). The role of the Nomination and Remuneration Committee is to review and make recommendations to the Board on remuneration packages and practices applicable to the Chief Executive Officer, Senior Executives and Directors themselves. This role also includes responsibility for share option schemes, incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Nomination and Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages. The Nomination and Remuneration Committee's functions and powers are formalised in a Charter and is posted on GLG's website. The number of times that the Nomination and Remuneration Committee met throughout the financial year and the individual attendances of the members at those meetings are disclosed in the Company's Annual Report and below under Directors' Meetings.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	**Yes** Details of the Directors and Key Senior Executives remuneration are set out in the Remuneration Report of the Annual Report. The structure of Non-Executive Directors' remuneration is distinct from that of executives and is further detailed in the Remuneration Section of the Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	**Yes** Currently, the Company does not have an equity based remuneration scheme.

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Directors of GLG Corp Ltd ("GLG" or "the Company") submit herewith the annual financial report of the consolidated entity for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the Directors of the Company during and since the end of the financial year are:

ESTINA ANG SUAN HONG

Founder and Executive Chairman of GLG Corp Ltd and parent company, Ghim Li Group Pte Ltd and a member of its Nomination and Remuneration committee. Estina Ang Suan Hong is a lady armed with over 35 years of experience in the textile and apparel industry who leads a 10,000+ strong workforce spanning the Southeast Asia region. She grew the business from 6 sewing machines as a sub-contractor to a global supplier of quality apparel to major retailers in the USA and throughout Europe.

Ms Estina Ang graduated from Nanyang University in 1974 with a Bachelor of Arts degree and is a member of the Singapore Institute of Directors, Textile and Fashion Singapore. She obtained The Entrepreneur of the Year Awards in 2001 and listed in The 300 List in Singapore Tattler and also spearheaded the business expansion into USA, Mexico, Guatemala and Hong Kong.

CHRISTOPHER CHONG MENG TAK

Lead Independent Director, joined the Board on 12 October 2005. Mr Chong is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee.

Mr Chong is a partner of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore. Prior to co-founding ACH Investments Pte Ltd, Mr Chong was a multi-award winning equity analyst and the Managing Director of HSBC James Capel Securities (Singapore) Pte Ltd, (now known as HSBC Securities (Singapore) Pte Ltd), a member of the Hong Kong Bank Group of companies. Mr Chong is an independent director of several public listed companies. Mr Chong is also a Director and/or advisor to many private companies and many Asian families and the judicial branch of the Singapore government.

Mr Chong has extensive Asia Pacific experience having previously also been an advisor to listed companies on the Exchange of Hong Kong, Jakarta (Indonesia), Kuala Lumpur (Malaysia), Makati (Philippines) and Bangkok (Thailand). Mr Chong is a fellow of the Australia Institute of Company Directors, a fellow of the Singapore Institute of Directors and a Master Stockbroker of the Securities and Derivatives Industry Association of Australia.

Mr Chong has received a B.Sc. (Economics) from the University College of Wales, an MBA from London Business School and is a member of the Institute of Chartered Accountants of Scotland.

SHANE HARTWIG

Mr Hartwig is a Certified Practicing Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia. He was appointed to the Board on 2 December 2014. Mr Hartwig is a member of the Audit Committee and the Chairman of the Nomination and Remuneration Committee.

Mr Hartwig is involved in the areas of initial public offerings, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice. Mr Hartwig has over 20 years' experience in the finance industry both nationally and internationally with exposure to both the debt and equity capital markets.

Mr Hartwig was previously the Company Secretary of GLG Corp Ltd, and held the position until July 2011.

FELICIA GAN PEILING

Ms Gan joined the Board on 15 September 2015. Ms Gan joined the Company in 2006 as a legal officer responsible for the legal compliance office. Ms Gan is currently responsible for the overall management of Business Development, Sales & Marketing Teams including Outsourced Manufacturing and Product, Development and Design departments. Ms Gan builds, direct and drives the annual strategic sales and marketing plan and implements marketing strategies to identify and develop new customers and business opportunities on a global scale.

Ms Gan graduated with a Bachelor of Laws (Honours) from University of Nottingham in 2003 and was admitted to the Singapore Bar in May 2005. She is a member of the Singapore Academy of Law and a management committee member of the Textile Apparel Fashion Federation Singapore.

BOARD SKILLS MATRIX

Skills	Description	Number of Directors
Strategic and commercial acumen	The ability to define strategic objectives, constructively question business plans and implement strategy using commercial judgment.	4
Financial acumen	Financial knowledge, accounting or related financial management qualifications and experience	3
Risk and compliance	An understanding of compliance matters and risk management, including environmental, technological and governance risk	4
Executive leadership	Experience in senior leadership roles, including on the boards of other listed companies.	1
Diversity	The ability to contribute to inclusion and diversity.	4
International/global	Senior leadership experience across a range of international businesses and exposure to a range of political, cultural, regulatory and business environments	4

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Christopher Chong Meng Tak	ASL Marine Holdings Ltd	Since 03 January 2006
	Forise International Ltd	Since 19 August 2015
	Emerging Towns & Cities Singapore Ltd (formerly known as Cedar Strategic Holdings Ltd)	Ceased 26 Apr 2018
	Singapore O&G Ltd	Ceased 26 December 2017
	Koon Holdings Ltd	Ceased 31 December 2015
	Yingli International Real Estate Ltd	Ceased 28 April 2017

FORMER PARTNERS OF THE AUDIT FIRM

No officer of the Company has been a partner in an audit firm, or a director of an audit company that is an auditor of the Company during the period or was such a partner or director at a time when the audit firm or the audit company undertook an audit of the Company.

Directors' shareholdings

The following table sets out each director's relevant interest in shares or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully Paid Ordinary Shares Number	Share options Number
Estina Ang Suan Hong	50,116,000	–
Felicia Gan Peiling	2,222,000	–
Christopher Chong Meng Tak	110,001	–
Shane Hartwig	0	–

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 42 to 48.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year no share options (2017: nil) were granted to the directors as part of their remuneration.

COMPANY SECRETARY

Mr. Alistair Chong was appointed as Company Secretary on 12th December 2016. Mr. Chong holds a B.Comm and an MBA through the University of Tasmania, and a GIA (Cert) with the Governance Institute of Australia. Mr. Chong has extensive knowledge in the areas of change management, company HR practices, organizational change, strategic management and sustainability, as a current lecturer in these subject areas at the University of Tasmania. He has been teaching for eight years.

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities in the course of the financial year were being a global supplier of knitwear/ apparel and supply chain management operations.

REVIEW OF OPERATIONS

In the current fiscal year ending June 2018, the Company has enhanced its manufacturing capacity in its fabric mill in Malaysia, with an all-time record of revenue of US$52,267 thousand to support the increased demand of knitted fabric from its customers. This is a new milestone for the fabric mill which was acquired by the Company in late 2016, as part of its vertical-integration and textile manufacturing strategic roadmap. FY2018 also witnessed the Company's decision to invest in garment manufacturing capacity, for the first time, in Cambodia to supplement its current production in Vietnam and Malaysia. Although the garment factory in Cambodia is still in its infancy stage, this is another step forward to enhance its manufacturing and supply chain business from its original state of being just a trading agent. Finally, the Company was successful to expand its innovative offering of Landed Duty Paid (LDP) services to its customers, with its incremental revenue in FY2018 by shipping the final products from door-to-door to its LDP customers.

Comparison of Consolidated Statement of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2018 with that of 30 June 2017.

GLG's sales increased by US$24,565 thousand, or 16% to US$180,606 thousand compared to sales of US$156,041 thousand in the previous year. This is due to business wins achieved in new programs with existing customers, in addition to increase in business volume for repeat orders. LDP (Landed Duty Paid) business which represents direct outbound shipments delivered to customers door-to-door, also contributed to revenue increment from US$10,115 thousand to US$16,299 thousand in this financial year with the higher gross profit margin.

Gross margin slightly improved to 14% compared to 13.76% in the previous year due to increased fabric margin and garment product mix (where the freight costs and customs duty costs of LDP business are categorised under Selling & Distribution costs, as opposed to Cost of Sales).

Other income increased by 225% to US$1,118 thousand compared to US$344 thousand in the previous year mainly attributed to the following

1) fair value gain in investment property of US$378 thousand from Malaysia
2) payable written back of US$289 thousand

Selling and distribution costs increased by 83.3% to US$6,252 thousand compared to US$3,410 thousand in the previous year, mainly due to (a) increase of US$1,049 thousand in LDP shipments which resulted in higher customs duties payable to U.S. Customs, for door-to-door outbound shipments, and (b) increase of US$1,801 thousand in freight costs incurred on FOB outbound shipments resulting from increased sales.

Administrative expenses increased by 13.4% to US$11,614 thousand compared to US$10,244 thousand in the previous year, mainly attributable to such costs from the acquired garment manufacturing operations in Malaysia and newly-formed subsidiary in Cambodia.

Finance costs increased by 71% from US$1,215 thousand to US$2,077 thousand in the current year compared to previous year, due to the increase in purchase of raw materials to support higher sales and new machineries investment.

Other expenses increased by 7.3% from US$2,469 thousand to US$2,649 thousand due to legal fees incurred during the year in relation to action taken to recover past due receivables.

Net profit after tax for GLG was US$2,395 thousand, which represents a decrease of US$1,798 thousand or 42.9% compared to the financial year ended 30 June 2017 of US$4,193 thousand. Overall, the reduction in net profit after tax was mainly due to pre-production costs incurred by newly-formed Cambodia garment factory.

Comparison of the Consolidated Statement of Financial Position as at 30 June 2018 with that of 30 June 2017.

Trade and other receivables increased by 30.5% to US$89,455 thousand as at 30 June 2018 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 raw material purchase on behalf of outsourced manufacturing suppliers for early production.

Inventory increased by 56% to US$19,480 thousand as at 30 June 2018 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 customer orders and early production to meet the short-lead time in customer order placement.

Investment property increased in value from US$3,762 thousand as of 30 June 2017 to US$5,323 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 as the premises was fully rented out in entire FY2018 compared to previous year, FY2017 when a portion was still utilised internally i.e. not rented out. The investment property was subsequently reclassified to property, plant and equipment as the property was rented out to a company within the consolidated group.

Trade and other payables increased by 46% to US$37,249 thousand as at 30 June 2018 compared to US$25,580 thousand as at 30 June 2017, resulting from increase in purchases of raw materials in advance for future production.

Current and non-current borrowings increased by 24% to US$80,276 thousand as at 30 June 2018 compared to US$64,702 thousand as at 30 June 2017, as a result of increase in trade financing from financial institutions to support the business growth.

Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2018 with that of 30 June 2017.

GLG's cash from operating activities increased by 394% to US$6,809 thousand as at 30 June 2018 compared to US$1,378 thousand as at 30 June 2017. This increase resulted from increase in sales for the financial year.

Net cash used in investing was decreased by US$4,664 thousand or 51% to US$4,570 thousand as at 30 June 2018 compared to US$9,234 thousand as at 30 June 2017. This was mainly attributable to additions of new plant & machinery and renovation in the Vietnam factory to meet the needs of higher production levels in the previous financial year, FY2017.

Net cash used in financing was increased to US$937 thousand as at 30 June 2018 compared to cash provided of US$6,829 thousand as at 30 June 2018. The increase stemmed from financing the working capital incurred in the factories for fabric and garment production and the long extended payment terms accorded to GLG's customers which increases the level of cash utilised in trade financing.

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.

CHANGES IN STATE OF AFFAIRS

In August 2017, Ghim Li International (S) Pte Ltd (GLIS), a fully owned subsidiary of GLG Corp Ltd, with the assistance of Ghim Li Group Pte Ltd, set up a legal entity in Cambodia, called GG Fashion Cambodia Co. Ltd (GGFC), which was incorporated under the laws of Cambodia. The rationale of establishing GGFC is part of GLG's strategy of vertical-integration and expansion of supply chain garment manufacturing, by expanding its presence in Cambodia to offer higher value-add services and advantage to its customers. GGFC also serves as the legal vehicle, in future, to own the specific assets to be acquired from by GLG to enhance its manufacturing capacity. The financial performance and assets/liabilities of GGFC, since incorporation, are accounted for as part of GLG's results for FY2018, in accordance with the requirements of AASB 10 – Consolidated Financial Statements.

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

DIVIDENDS

In respect of the financial year ended 30 June 2018, the Directors do not recommend the payment of a final dividend and no interim dividend was paid. In respect of the financial year ended 30 June 2017, no dividend was declared.

SUBSEQUENT EVENTS

On 28 June 2018, Ghim Li International (S) Pte Ltd, a fully-owned subsidiary of GLG Corp Ltd, has entered into an agreement with Ghim Li (Cambodia) Pte Ltd and its parent company, GLIT Holdings Pte Ltd to acquire some specific assets in the latter's garment manufacturing factory in Cambodia. The assets to be acquired consist of machinery and equipment, some other fixed assets and intangible assets such as trade name and customer network, employee database and records.

Ghim Li International (S) Pte Ltd plans to establish a garment manufacturing factory in Cambodia with a new legal entity in Cambodia, which will then be assigned to own and manage these assets acquired from the sellers. The rationale of this acquisition is to allow Ghim Li International (S) Pte Ltd to set up its own garment manufacturing factory in Cambodia to supplement its current garment manufacturing investment in Vietnam and Malaysia.

The completion of this acquisition is subject to the fulfilment of certain conditions, namely (a) the securing of Board approvals for GLIS, GLIT Holdings and Ghim Li Cambodia respectively, (b) obtaining regulatory and statutory approvals in Singapore and Cambodia and (c) the establishment of the legal entity by GLIS in Cambodia. Management expects all of these conditions to be met after 30 June 2018, hence this acquisition transaction is mentioned here as a subsequent balance sheet event. GLIT Holdings Pte Ltd and its subsidiaries provide outsourced manufacturing services to GLG Corp Ltd and the receivables owed by GLIT to GLG Corp will be reduced by the same amount of the purchase consideration for the specific assets upon completion of this transaction, by way of set-off.

FUTURE DEVELOPMENTS

The consolidated entity is expanding fabric suppliers to include fashion novelty and also to increase the amount of work with outsourced factories. The performance depends on many economic and industry factors. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, performance of the Consolidated Entity's or the forecast of the likely result of the Consoldiated Entity's activities.

ENVIRONMENTAL REGULATION

The consolidated Entity is not subject to any particular or significant environmental regulation.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

There are no shares under option or issues on exercise of options during the year (2017: Nil).

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or exectuvie officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year 3 Board meetings, 3 Nomination and Remuneration Committee meeting and 3 Audit Committee meetings were held:

	Board of directors		Nomination & remuneration committee		Audit committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Estina Ang Suan Hong	3	3	3	3	3	3
Christopher Chong Meng Tak	3	3	3	3	3	3
Shane Hartwig	3	3	3	3	3	3
Felicia Gan Peiling	3	3	3	3	3	3

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 33 of the financial report.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 33 to the full financial statements do not compromise the external auditors' independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 49 of this report.

ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

REMUNERATION REPORT (AUDITED)

This Remuneration report, which forms part of the Directors' report, sets out information about the remuneration of GLG's directors and its senior management for the financial year ended 30 June 2018. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management.
- key terms of employment contracts

DIRECTOR AND SENIOR MANAGEMENT DETAILS

The following persons acted as directors of the Company during or since the end of the financial year:

- Estina Ang Suan Hong as Executive Chairman and Chief Executive Officer
- Christopher Chong Meng Tak as Lead Independent Director
- Shane Hartwig as Independent Director
- Felicia Gan Peiling as Chief Marketing Officer

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Susan Yong as Executive Vice President - Operations
- Cheah Eng Kean as EVP, Marketing & Contract Manufacturing (resigned on 19 September 2016)
- Shawn Fung as Chief Financial Officer and Head of IT & Human Resources

REMUNERATION POLICY

The remuneration for Key Management Personnel is determined as follows:

- For the Executive Chairman & Chief Executive Officer, by the Nominations and Remuneration Committee and by the Board and with a view to attract, retain and develop appropriately skilled people. Remuneration is reviewed on an annual basis having regard to personal and corporate performance and relevant comparative information.

- The remuneration of non-executive directors may not exceed in aggregate in any financial period the amount fixed by the Company at the general meeting. The amount has not changed since the Company listed in 2005.

- For executives, the Nomination and Remuneration Committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval. Remuneration is reviewed on an annual basis having regard to personal and corporate performance and relevant comparative information.

RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2018:

	30 June 2018 US$'000	30 June 2017 US$'000	30 June 2016 US$'000	30 June 2015 US$'000	30 June 2014 US$'000
Revenue from all sources	180,606	156,041	171,435	180,343	226,718
Net profit before tax	3,806	4,477	6,476	3,865	4,681
Net profit after tax	2,395	4,193	4,827	3,148	4,038
Share price at start of year	$0.19	$0.15	$0.18	$0.24	$0.28
Share price at end of year	$0.10	$0.19	$0.15	$0.18	$0.24
Final Dividend (unfranked)	–	–	–	–	–
Basic earnings per share	3.23 cps	5.66 cps	6.51 cps	4.25 cps	5.45 cps
Diluted earnings per share	3.23 cps	5.66 cps	6.51 cps	4.25 cps	5.45 cps

GLG Corp Ltd employees may be entitled to receive a discretionary bonus, as set and agreed by senior management and / or the Nomination and Remuneration Committee. These bonuses are accrued prior to year-end based on the expected bonuses to be paid, however the amounts may not be finalized or paid until a future date that is not necessarily within 12 months of balance sheet date. As a result, there is a difference in timing of the accrual of the bonus and the timing of the payment of the bonus.

Each executive director of the Company has entered into an Executive Service Agreement with Ghim Li Global Pte Ltd, a major subsidiary of GLG. They are not remunerated separately for being a director or executive of the Company or other operating entities. Under their respective terms of engagement, all executives:

- commenced their terms as an executive of Ghim Li Global Pte Ltd for a 3-year term, and thereafter their engagement automatically continues from year to year, unless their Executive Service Agreement is terminated;
- are covenanted to not compete against GLG's operations for a period of 12 months after cessation of employment with GLG;
- agree that either party may terminate their Executive Service Agreement by giving 3 months written notice. In addition, Ghim Li Global Pte Ltd may without prior notice terminate their Service Agreements under certain conditions, for example, if the executive commits a serious breach of his or her obligations, or is guilty of grave misconduct in the discharge of his or her duties, or becomes bankrupt.

The service agreements contain otherwise standard terms, including with regard to each executive's duties, GLG owns any intellectual property created by its executives, confidentiality, entitlements to minor benefits in addition to their remuneration, and devoting substantially the whole of their time and attention during business hours to the discharge of their duties.

Each executive director receives a salary per month. They may also be entitled to an annual bonus determined by the Nomination and Remuneration Committee, in its absolute discretion.

Each of the key managers have entered into a service agreement with Ghim Li Global Pte Ltd, the general terms of which are not materially different to those of the executive directors described above.

Each key manager receives a salary per month, reviewed by the Chief Executive Officer annually with reference to the progress of GLG. Each may also be entitled to an annual bonus determined by the Chief Executive Officer, reviewed by the Nomination and Remuneration Committee, and approved by the Board taking into account overall management performance and the Company's profit for the year.

ELEMENTS OF KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration packages contain the following key elements:

a) Short-term employment benefits – salaries/fees, bonuses; and

b) Post-employment benefits

	Short term employment benefits				Post-employment benefits super - annuation	Other long term employee benefits	Share based payments, options & rights	Total
	Salary & fees	Bonus	Non-monetary	Other				
2018	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Directors								
Estina Ang Suan Hong [1]	541,063	45,781	–	–	6,889	–	–	593,733
Christopher Chong Meng Tak	42,685	–	–	–	–	–	–	42,685
Shane Hartwig	27,939	–	–	–	–	–	–	27,939
Felicia Gan Peiling [1]	165,026	56,187	–	–	11,758	–	–	232,971
	776,713	**101,968**	**–**	**–**	**18,647**	**–**	**–**	**897,328**
Executives								
Shawn Fung	184,714	15,642	–	–	7,454	–	–	207,810
Susan Yong	148,316	12,208	–	–	8,757	–	–	169,281
	333,030	**27,850**	**–**	**–**	**16,211**	**–**	**–**	**377,091**
Total	**1,109,743**	**129,818**	**–**	**–**	**34,858**	**–**	**–**	**1,274,419**

1. Estina Ang Suan Hong and Felicia Gan Peiling are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer; Felicia Gan Peiling is Chief Marketing Officer.

	Short term employment benefits				Post-employment benefits	Other long term employee benefits	Share based payments, options & rights	
	Salary & fees	Bonus	Non-monetary	Other	superannuation			Total
2017	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Directors								
Estina Ang Suan Hong [1]	572,759	82,999	–	–	6,534	–	–	662,292
Christopher Chong Meng Tak	38,566	–	–	–	–	–	–	38,566
Shane Hartwig	27,091	–	–	–	–	–	–	27,091
Felicia Gan Peiling [1]	121,401	19,090	–	–	12,059	–	–	152,550
	759,817	**102,089**	**–**	**–**	**18,593**	**–**	**–**	**880,499**
Executives								
Shawn Fung	145,209	11,758	–	–	8,268	–	–	165,235
Cheah Eng Kean [2]	31,463	–	–	–	1,511	–	–	32,974
Susan Yong	140,410	12,450	–	–	8,358	–	–	161,218
	317,082	**24,208**	**–**	**–**	**18,137**	**–**	**–**	**359,427**
Total	**1,076,899**	**126,297**	**–**	**–**	**36,730**	**–**	**–**	**1,239,926**

1. Estina Ang Suan Hong and Felicia Gan Peiling (appointed as an Executive 15 September 2015) are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer; Felicia Gan Peiling is Chief Marketing Officer.
2. Cheah Eng Kean appointed as EVP, Marketing & Contract Manufacturing resigned on 19 September 2016.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
Directors	**2018**	**2017**	**2018**	**2017**
Estina Ang Suan Hong	92.3%	87.5%	7.7%	12.5%
Christopher Chong Meng Tak	100%	100%	–	–
Shane Hartwig	100%	100%	–	–
Felicia Gan Peiling	75.9%	87.5%	24.1%	12.5%
Executives				
Shawn Fung	92.5%	92.9%	7.5%	7.1%
Cheah Eng Kean	–	100%	–	–
Susan Yong	92.8%	92.3%	7.2%	7.7%

Note: Fixed remuneration consists of base pay plus other fixed allowances paid to the individual on a regular basis, whilst Performance-linked remuneration refers to variable bonus paid to the individual, dependent on company financial results and individual's performance.

BONUSES PAYMENT AS COMPENSATION FOR THE CURRENT FINANCIAL YEAR

Cash Bonuses

Madam Estina Ang Suan Hong was granted a cash bonus on 9 February 2018 of US$45,781 (FY2017: US$82,999) during the financial year ended 30 June 2018. The cash bonus was given for her stewardship as Chief Executive Officer on the company's overall performance. The full amount of the bonus was paid on 11 February 2018.

Ms Felicia Gan Peiling was granted a cash bonus on 9 February 2018 of US$56,187 (FY2017: US$19,090) during the financial year ended 30 June 2018. The cash bonus was given for her contribution as Chief Marketing Officer including business development for the business. The full amount of the bonus was paid on 11 February 2018.

Mr Shawn Fung was granted a cash bonus on 9 February 2018 of US$15,642 (FY2017: US$11,758) during the financial year ended 30 June 2018. The cash bonus was given for his contribution as Chief Financial Officer & Head of HR and IT for the business. The full amount of the bonus was paid on 11 February 2018.

Ms Susan Yong was granted a cash bonus on 9 February 2018 of US$12,208 (FY2017: US$12,450) during the financial year ended 30 June 2018. The cash bonus was given for her contribution as Executive Vice President, Sales Operations and Global Sourcing for the business. The full amount of the bonus was paid on 11 February 2018.

LOANS TO KEY MANAGEMENT PERSONNEL

GLG has not provided any loans to key management personnel.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL IN GLG

There have been no other transactions between GLG and key management personnel.

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Fully paid ordinary shares of GLG Corp Ltd

	Balance at 1 July No.	Granted as compensation No.	Net other change No.	Balance at resignation date No.	Balance at 30 June No.
2018					
Estina Ang Suan Hong (indirect holding through Ghim Li Group)	50,116,000	–	–	–	50,116,000
Felicia Gan Peiling	2,222,000	–	–	–	2,222,000
Christopher Chong Meng Tak	110,001	–	–	–	110,001
2017					
Estina Ang Suan Hong (indirect holding through Ghim Li Group)	54,560,000	–	(4,444,000)	–	50,116,000
Felicia Gan Peiling	–	–	2,222,000	–	2,222,000
Christopher Chong Meng Tak	160,007	–	(50,006)	–	110,001

KEY TERMS OF EMPLOYMENT CONTRACT

A summary of the key term of employment are set out below:

Position	Key term of service agreements
Chief Executive Officer	▪ Base salary: US$536,592 (SG$726,000) excluding superannuation. The contract for remuneration is in Singapore Dollars. ▪ Term: no fixed term ▪ Base remuneration: Reviewed annually by the Nomination and Remuneration Committee. ▪ Bonus entitlements: Determined annually by the Nomination and Remuneration Committee. ▪ Termination notice period: 6 months' notice or without notice in the event of serious misconduct. ▪ Termination payment: in lieu of notice ▪ Restraint and confidentiality provisions.

Executive Director

- Base salary: US$163,057 (SG$219,000) excluding superannuation. The contract for remuneration is in Singapore Dollars.
- Term: no fixed term
- Base remuneration: Reviewed annually by the Nomination and Remuneration Committee.
- Bonus entitlements: Determined annually by the Nomination and Remuneration Committee.
- Termination notice period: 3 months' notice or without notice in the event of serious misconduct.
- Termination payment: in lieu of notice
- Restraint and confidentiality provisions.

Senior Management

- Base salary: refer to remuneration of directors and senior management for individual's salary
- Term: no fixed term
- Base remuneration: Reviewed annually by the Nomination and Remuneration Committee.
- Bonus entitlements: Determined annually by the Nomination and Remuneration Committee.
- Termination notice period: one month' notice or without notice in the event of serious misconduct.
- Termination payment: in lieu of notice
- Restraint and confidentiality provisions.

This concludes the Remuneration Report, which has been audited.

The Directors' report is signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On the behalf of the Director

Estina Ang Suan Hong
CEO
Singapore, 19 September 2018

AUDITORS INDEPENDENCE DECLARATION TO THE DIRECTORS OF GLG CORP LTD

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF GLG CORP LTD

As lead auditor of GLG Corp Ltd for the year ended 30 June 2018, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Ryan Pollett

Ryan Pollett
Partner

BDO East Coast Partnership

Sydney, 19 September 2018

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF GLG CORP LTD

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of GLG Corp Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GLG Corp Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of GLIT receivables

Key audit matter	***How the matter was addressed in our audit***
The valuation of the GLIT receivables, collectively the receivables from GLIT Holdings and receivables from outsourced manufacturing suppliers as disclosed in Note 11, is significant to our audit because as at 30 June 2018 the balance was $55,960,000, which is material. The valuation process used by the Group to assess recoverability is judgemental and is based on assumptions, specifically those in relation to trust receipts, amounts of available guarantees and the overall working capital cycle of the group.	To determine whether the receivable was recoverable at the reporting date, our audit procedures included, amongst others, the following procedures: • Assessed managements' evaluation of the recoverability of the receivable including the rationale and suitability of guarantees in place that are able to serve as collateral for the receivable. • Analysed average turnover of the receivable balance during the year in order to ascertain whether the recoverability of the receivable would occur within a reasonable timeframe as part of the overall working capital cycle of the group.

Carrying value of goodwill

Key audit matter	***How the matter was addressed in our audit***
As required by *AASB136*, *Impairment of Assets*, goodwill is tested for impairment on an annual basis. The valuation of goodwill is significant to our audit because of the estimates and judgements involved in assessing the value as disclosed in Note 18. The Group has tested goodwill allocated to each cash generating unit (CGU) for impairment at reporting date by comparing the carrying value to its recoverable amount. The Group has determined the recoverable amount through a value in use calculation using a discounted cash	To determine whether the goodwill was impaired, our audit procedures included, amongst others, the following procedures: • Evaluated the assumptions used in the discounted cash flow analysis. • Applied a sensitivity analysis on the CGU's discounted cash flow model to assess whether minor changes in the assumptions would result in impairment. • Evaluated the adequacy of the disclosures about those assumptions to which the

flow model, based on a two year projection period approved by management. This process is judgemental and is based on assumptions, specifically those in relation to revenue growth, costs incurred, and discount rates, which are affected by current and future market conditions.	outcomes of the impairment test are most sensitive.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report (excluding the audited Remuneration report section) and the Corporate Governance Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Annual Report to Shareholders (including the Chairman / CEO's Speech and Financial Highlights, Operational Highlights and People Highlights for the year), which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report to Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of GLG Corp Ltd, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO
Ryan Pollett

Ryan Pollett

Partner

Sydney, 19 September 2018

DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;

c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On the behalf of the Director

Estina Ang Suan Hong
CEO
Singapore, 19 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	2018 US$'000	2017 US$'000
Revenue	5	180,606	156,041
Cost of sales		(155,326)	(134,570)
Gross profit		**25,280**	**21,471**
Other income	5	1,118	344
Distribution expenses		(6,252)	(3,410)
Administration expenses	6	(11,614)	(10,244)
Finance costs	7	(2,077)	(1,215)
Other expenses	8	(2,649)	(2,469)
Profit before income tax expense		**3,806**	**4,477**
Income tax expense	10	(1,411)	(284)
Profit for the year		**2,395**	**4,193**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus/ (deficit), on land and building, net of tax		834	(381)
Fair value adjustment of reclass PPE to investment property		52	–
Other comprehensive income, net of tax		**886**	**(381)**
Total comprehensive income for the year		**3,281**	**3,812**
Earnings per share:			
From continuing operations:			
Basic (cents per share)	23	3.23	5.66
Diluted (cents per share)	23	3.23	5.66

Notes to the Financial Statements are included on pages 59 to 102

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Current assets			
Cash and cash equivalents	28(a)	8,183	6,881
Trade and other receivables	11	89,455	68,534
Inventory	13	19,480	12,515
Other assets	16	1,330	1,725
Other financial assets	12	344	344
Total current assets		**118,792**	**89,999**
Non-current assets			
Other assets	16	2,555	2,615
Other financial assets	12	6,871	6,871
Investments accounted for using the equity method	14	–	–
Investment property	17	–	3,762
Intangible assets	18	1,897	1,853
Property, plant and equipment	15	40,138	34,047
Total non-current assets		**51,461**	**49,148**
Total assets		**170,253**	**139,147**
Current liabilities			
Trade and other payables	19	37,249	25,580
Borrowings	20	71,722	53,824
Current tax liabilities	10(b)	791	694
Total current liabilities		**109,762**	**80,098**
Non-current liabilities			
Borrowings	20	8,554	10,878
Deferred tax liabilities	10(c)	1,562	1,077
Total non-current liabilities		**10,116**	**11,955**
Total liabilities		**119,878**	**92,053**
Net assets		**50,375**	**47,094**
Equity			
Issued capital	21	10,322	10,322
Revaluation reserves	29	4,485	3,599
Merger reserves	29	(14,812)	(14,812)
Retained earnings	22	50,380	47,985
Total equity		**50,375**	**47,094**

Notes to the Financial Statements are included on pages 59 to 102

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Issued Capital US$'000	Asset Revaluation Reserve US$'000	Merger Reserve US$'000	Retained Earnings US$'000	Total US$'000
Consolidated					
Balance at 1 July 2016	10,322	3,980	(14,812)	43,792	43,282
Profit for the year	–	–	–	4,193	4,193
Other comprehensive income for the year	–	(381)	–	–	(381)
Total comprehensive income for the year	**–**	**(381)**	**–**	**4,193**	**3,812**
Balance at 30 June 2017	**10,322**	**3,599**	**(14,812)**	**47,985**	**47,094**
Balance at 1 July 2017	10,322	3,599	(14,812)	47,985	47,094
Profit for the year	–	–	–	2,395	2,395
Other comprehensive income for the year	–	886	–	–	886
Total comprehensive income for the year	**–**	**886**	**–**	**2,395**	**3,281**
Balance at 30 June 2018	**10,322**	**4,485**	**(14,812)**	**50,380**	**50,375**

Notes to the Financial Statements are included on pages 59 to 102

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Cash flows from operating activities			
Receipts from customers		175,001	151,676
Payments to suppliers and employees		(165,662)	(148,457)
Interest income		10	15
Interest and other costs of finance paid		(1,711)	(911)
Income tax paid		(829)	(945)
Net cash provided by operating activities	28(c)	**6,809**	**1,378**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		29	2
Payment for property, plant and equipment		(4,535)	(9,223)
Payment for software		(64)	(13)
Net cash used in investing activities		**(4,570)**	**(9,234)**
Cash flows from financing activities			
Net proceeds from borrowings		15,574	13,734
Payments to Ghim Li Group		(2,296)	(488)
Payments to outsourced manufacturing suppliers		(14,215)	(6,417)
Net cash (used in)/ provided by financing activities	28(d)	**(937)**	**6,829**
Net increase/ (decrease) in cash and cash equivalents		**1,302**	**(1,027)**
Cash and cash equivalents at the beginning of the financial year		6,881	7,908
Cash and cash equivalents at the end of the financial year	28(a)	**8,183**	**6,881**

Notes to the Financial Statements are included on pages 59 to 102

NOTES TO THE FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

GGLG 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	Principal place of business
L40 100 Miller St North Sydney NSW 2060 Australia	21 Jalan Mesin, Singapore 368819

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report comprises the consolidated financial statements of GLG. For the purposes of preparing the consolidated financial statement, the company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures that the financial statements and notes of GLG comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 19th September 2018.

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.

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 – refer to Note 15 for further details
- nvestment properties - Level 3 – refer to Note 17 for further details

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of new and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments, and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15, AASB 2016-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 Leases	1 January 2019	30 June 2020

As at the date of the report management are quantifying the impact, if any, on the adoption of the above accounting standards. However, management do note that AASB 16 is expected to impact GLG as the operating leases entered into by the company will be brought onto the statement of financial position as a right to use asset and liability.

For AASB 9, GLG has evaluated the recoverability of receivables and determine collection and recoverability to be highly probable based on past interaction with the same GLGs and no changes to relationships with these GLGs is expected going forward. However, GLG are still in the process of evaluating the effects of the change with this standard.

With respect to the revenue disclosures for AASB15, GLG has adopted this standard from 1 July 2018. GLG has applied the principles of this standard to its business and concludes that the consolidated entity correctly recognises revenue at the time that the transfer of control of the custom-made goods to its customers. GLG has considered the effects of variable consideration such as settlement discounts and concluded that the impact of such discounts that reduce the revenue to be immaterial based on historical transactions. At the end of each reporting period, the impact will be assessed as such variable consideration may fluctuate. Revenue is recognized by GLG as and when control is passed at a certain point in time, rather than over-time. Control of the custom-made goods is defined for GLG as the ability of its customers to direct the use of and obtain the benefits from the goods delivered. GLG historically has experienced minimal returns from customers, hence no impact on accounting for returns within revenue is expected.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) *Basis of consolidation*

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Control is achieved when the company:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Total comprehensive income of subsidiaries is attributed to the owners of the Company.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

A list of subsidiaries appears in note 27 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

b) *Foreign currency*

The individual financial statements of each GLG entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars, which is the functional currency of GLG Corp Ltd and the presentation currency for the consolidated financial statements. All subsidiaries of GLG Corp Ltd have functional currency of United States dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

i) exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks, there are no hedging activities undertaken in the current year; and

iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

d) *Financial assets*

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost less impairment, if any, in the Company's financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Company's financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

<u>Loans and receivables</u>

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) *Financial assets (cont'd)*

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized through profit and loss.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Derecognition of financial assets

GLG derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If GLG neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, GLG recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If GLG retains substantially all the risks and rewards of ownership of a transferred financial asset, GLG continues to recognise the financial assets and also recognises collateralised borrowings for the proceeds received.

e) *Impairment of tangible and intangible assets*

At the end of each reporting period, GLG reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, GLG estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest GLG of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) *Employee benefits*

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

g) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

h) *Financial instruments issued by the Company*

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of GLG's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. Impairment of receivables and impairment of goodwill are two key areas of estimates and judgements. Refer to Notes 11 and 18 for further details. Additionally, the estimates related to the revaluation of property plant and equipment and investment property are also key areas of estimates and judgements. Refer to Notes 15 and 17 for further details.

4. 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 and management do not review information by geographic segment nor do they review segment assets or liabilities

Revenues of US$57,375 thousand (2017: US$48,146 thousand), US$49,513 thousand (2017: US$48,736 thousand) and US$34,151 thousand (2017: US$31,151 thousand) are derived from three single customers of the Company. Each of these separate revenues amount to more than 10% of the Company's revenues from external customers.

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	the manufacture and wholesaling of fabric
Garments	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 – 30 June 2018	**Fabric US$'000**	**Garments US$'000**	**Intersegment eliminations US$'000**	**Total US$'000**
Revenue				
Sales to external customers	867	179,739	–	180,606
Intersegment sales	51,400	–	(51,400)	–
Total revenue	52,267	179,739	(51,400)	180,606
Interest received	9	299	(298)	10
Depreciation	2,148	850	–	2,998
EBIT	**4,526**	**1,357**	**–**	**5,883**
Finance costs				(2,077)
Profit before income tax expense				3,806
Income tax expense				(1,411)
Profit after income tax expense				**2,395**

4. SEGMENT INFORMATION (cont'd)

Consolidated – 30 June 2017	Fabric US$'000	Garments US$'000	Intersegment eliminations US$'000	Total US$'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 received	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 expense				**4,193**

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

	Fabric	
	2018 US$'000	2017 US$'000
Cambodia	447	–
India	89	–
Madagascar	25	–
Malaysia	241	137
Myanmar	65	–
Singapore	–	252
Sri Lanka	–	31
	867	**420**

	Garments	
	2018 US$'000	2017 US$'000
Canada	34,151	31,171
China	179	–
Europe	11,837	10,161
Japan	134	98
Singapore	1	196
USA	133,395	113,995
Vietnam	42	–
	179,739	**155,621**

5. REVENUE

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to buyers' forwarders which is taken to be the point in time when the buyers have accepted the goods and the related risks and rewards of ownership.

Interest income

Interest income is recognised on a time proportionate basis that takes into account by applying the effective interest rate.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

	Consolidated	
	2018 US$'000	**2017 US$'000**
Revenue from the sale of goods	180,606	156,041
Other income		
Rental income (i)	–	232
Sample income	46	28
Profit on sale of assets	32	–
Interest income	10	15
Grant	–	14
Payable written back	289	–
Fair value adjustment on investment property	378	–
Other	363	55
Total other income	**1,118**	**344**
	181,724	**156,385**

(i) Rental income represents the market-value rental of the property at Lot 7962, Batu 22, Jalan Air Hitam, 81000 Kulai, Johor for the twelve months ending 30 June 2018. This rental income is eliminated upon consolidation as the tenant (Ghim Li Fashion (M) Sdn Bhd) and landlord (Maxim Textile Technology Sdn Bhd) are both subsidiaries of GLG.

6. ADMINISTRATIVE EXPENSES

	Consolidated	
	2018 US$'000	2017 US$'000
Employee compensation	8,281	5,689
Rental and equipment expenses on operating leases	1,326	1,349
Management fees	127	1,691
Insurance	198	201
Courier	429	321
Others	1,253	993
	11,614	**10,244**

7. FINANCE COSTS

	Consolidated	
	2018 US$'000	2017 US$'000
Interest on loans	587	522
Interest on obligations under finance leases	7	6
Bank charges	263	241
Total interest and bank charges	857	769
Line of credit charges	1,220	446
	2,077	**1,215**

8. OTHER EXPENSES

	Consolidated	
	2018 US$'000	2017 US$'000
Bad and doubtful debts	–	296
Commitment fee	868	1,081
Legal fee	291	–
Others	1,490	1,092
	2,649	**2,469**

9. PROFIT FOR THE YEAR BEFORE INCOME TAX EXPENSE

Profit for the year has been arrived at after (crediting)/charging the following gains and losses:

	Consolidated	
	2018 US$'000	2017 US$'000
Loss on written of property, plant and equipment	73	4
Gain on sales of property, plant and equipment	(33)	–
Bad and doubtful debts	–	296
Net foreign exchange loss	730	86
Fair value adjustment on investment properties	(378)	252
Depreciation of non-current assets	2,998	2,232
Amortisation of non-current assets	20	1
Operating lease rental expenses:		
Minimum lease payments	1,626	1,423
Employee benefit expense:		
Salaries, wages, and bonuses	18,430	7,902
Post-employment benefits:		
Defined contribution plans	1,041	594
Total employee benefit expenses	19,471	8,496

10. INCOME TAXES

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches and interest in joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

There were no franking credits for 2017 nor 2018.

10. INCOME TAXES (cont'd)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Consolidated Statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

a) Income tax recognised in profit or loss

	Consolidated	
	2018 US$'000	**2017 US$'000**
Tax expense comprises:		
Current tax expense in respect of the current year	868	685
Deferred tax expense in respect of the current year	458	625
Under provision of deferred tax in prior financial year	27	(825)
Adjustments recognized in the current year in relation to prior years	58	(201)
Total tax expense	**1,411**	**284**

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Profit from operations	3,806	4,477
Income tax expense calculated at 30%	1,142	1,343
Effect of expenses that are not deductible in determining taxable profit	551	590
Effect of income not assessble for tax purposes	–	(65)
Effect of tax allowance	(545)	(119)
Effect of tax losses not recognised	613	14
Effects of different tax rates of subsidiaries operating in other jurisdictions [i]	(305)	(483)
Utilisation of deferred tax assets not recognised previously	(139)	–
Under provision of deferred tax in prior financial year	27	(825)
	1,344	**455**
Other	9	30
	1,353	**485**
Adjustments recognised in the current year in relation to the current tax of prior years	58	(201)
Income tax expense recognised in profit	**1,411**	**284**

[i] The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. However, for the purposes of tax reconciliation, certain subsidiaries were operating in Singapore, Malaysia and Hong Kong, in which these entities are taxed at the respective local tax rates.

Unrecognised deferred tax assets in relation to tax losses at year end amounted to approximately $918,000.

10. INCOME TAXES (cont'd)

b) Current tax liabilities

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Current tax liabilities		
Income tax payable attributable to entities in the consolidated GLG	791	694
	791	**694**

c) Deferred tax balances

Deferred tax liabilities arise from the following:

2018	Consolidated Opening balance US$'000	Charged to income US$'000	Charged to Equity US$'000	Acquisitions /disposals US$'000	Exchange differences US$'000	Changes in tax rate US$'000	Closing balance US$'000
Temporary differences							
Property, plant and equipment	1,077	485	–	–	–	–	1,562
	1,077	485	–	–	–	–	1,562
Unused tax loses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	1,077	**485**	**–**	**–**	**–**	**–**	**1,562**

Presented in the statement of financial position as follows:

Deferred tax liability	**1,562**

2017	Consolidated Opening balance US$'000	Charged to income US$'000	Charged to Equity US$'000	Acquisitions /disposals US$'000	Exchange differences US$'000	Changes in tax rate US$'000	Closing balance US$'000
Temporary differences							
Property, plant and equipment	1,278	(201)	–	–	–	–	1,077
	1,278	(201)	–	–	–	–	1,077
Unused tax loses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	1,278	**(201)**	**–**	**–**	**–**	**–**	**1,077**

Presented in the statement of financial position as follows:

Deferred tax liability	**1,077**

11. TRADE AND OTHER RECEIVABLES

	Consolidated 2018 US$'000	2017 US$'000
Trade receivables		
Trade customers	29,059	24,610
GLIT Holdings	25,858	33,395
Outsourced manufacturing suppliers	30,102	7,914
Joint-venture entity	1,325	1,325
Provision for Doubtful Debts	–	(613)
Trade receivables	**86,344**	**66,631**
Other receivables		
Other receivables	2,081	1,714
Provision for Doubtful Debts	(480)	(480)
Other receivables	**1,601**	**1,234**
Less:		
Payable to outsourced manufacturing suppliers	(39)	–
Payable to GLIT Holdings	–	(7)
	87,906	**67,858**
Goods and services tax recoverable	1,549	676
	89,455	**68,534**

The average credit period on sales of goods and rendering of services is 75 days. No interest is charged on the trade receivables outstanding balance.

Before accepting any new customers, GLG 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. 96% 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 GLG.

Included in GLG's trade receivable balance are debtors with a carrying amount of US$1,235 thousand (2017: US$325 thousand) which are past due at the reporting date. There has been no significant change in credit quality and all amounts are considered recoverable. GLG does not hold any collateral over these balances.

11. TRADE AND OTHER RECEIVABLES (cont'd)

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Age of receivables past due, but not impaired		
30 – 60 days	515	–
60 – 90 days	552	88
90 – 120 days	1	237
More than 120 days	167	–
Total	1,235	325
Movement in the allowance for trade doubtful debts		
Balance at the beginning of the year	613	2,610
Charge to profit or loss	–	277
Allowance written off during the year	(613)	(2,274)
Balance at the end of the year*	–	613

* Includes the provision for doubtful debts for Trade Receivables.

The provision made for one of the customer which filed for Chapter 11 bankruptcy in the United States has been written off in this financial year.

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Movement in the allowance for non-trade doubtful debts		
Balance at the beginning of the year	480	480
Charge to profit or loss	–	–
Allowance written off during the year	–	–
Balance at the end of the year	480	480

In determining the recoverability of trade receivables, GLG 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.

Provision for impairment of receivables – estimates and judgements

GLG assesses impairment at the end of each reporting period by evaluating the conditions and events specific to GLG that may be indicative of impairment triggers.

GLIT Holdings Pte Ltd (GLIT) and its operating subsidiaries provide outsourced manufacturing services to GLG Corp. GLG Corp provides working capital and fabric to GLIT as part of the arrangement. When fabric is acquired by GLIT, GLG Corp issues a letter of credit on their behalf. In order to maximize the discounts available, GLG Corp converts for GLIT the letter of credit it has issued into a Trust Receipt. The Bank will immediately pay the fabric supplier. Once GLIT invoices GLG Corp, a trade payable is recorded. GLG Corp has a legally enforceable right to offset the amount owed by GLIT and settle the balance, if any, with GLIT on a net basis. The offset takes place between 90 days to 120 days depending on the date of maturity of the Trust Receipt.

11. TRADE AND OTHER RECEIVABLES (cont'd)

GLIT Holdings Pte Ltd and its subsidiaries that provide subcontracted manufacturing operations were disposed of by the Ghim Li Group in 2005 as part of a management buy out. GLIT continue to operate as GLG's outsourced manufacturing partner.

The GLIT Receivables (collectively the receivables from GLIT Holdings and receivables from outsourced manufacturing suppliers) carrying value is estimated to be recoverable on the basis that GLIT continues to operate as our outsourced manufacturing partner dedicated to serve the day-to-day needs of GLG Corp. It is assumed that GLIT has sufficient resources, financial and otherwise to support the order fulfilment processes in the factories, with guidance and loadings from GLG Corp. The valuation of GLIT receivable is evaluated to be recoverable based on the assumption specifically on the accessibility of trust receipts available for offset and the amount of available collateral in place.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

12. OTHER FINANCIAL ASSETS

	Consolidated	
	2018 US$'000	**2017 US$'000**
Current		
Other receivables – External party [i]	368	368
Provision for Bad Debts	(24)	(24)
Total Current other financial assets	**344**	**344**
Non-current		
Security deposit	5,000	5,000
Office rental deposit [ii]	1,871	1,871
	6,871	**6,871**
Disclosed in the financial statements as :		
Total Non-current other financial assets	6,871	6,871

(i) The current trade receivable owed by third party has a provision for non-recovery in FY2018 of US$24 thousand (2017: US$24 thousand).

(ii) US$1,871 thousand of rental deposit paid for the 10 years lease rental from Ghim Li Group Pte Ltd (2017: US$1,871 thousand).

13. INVENTORY

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Raw materials	5,801	3,393
Work in progress	7,743	2,987
Goods in transit	1,743	2,769
Consumables	5	7
Stock lot	667	189
Finished goods	3,521	3,170
Total	**19,480**	**12,515**

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of entity	Country of incorporation	Principal activity	Ownership interest 2018 %	Ownership interest 2017 %
Jointly controlled entities				
JES Apparel LLC	USA	Importer of knitwear products	51	51

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

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Financial position:		
Current assets	393	393
Current liabilities	(1,879)	(1,879)
Net assets	(1,486)	(1,486)
GLG's share of jointly controlled entity's net assets	(757)	(757)
Financial performance:		
Income	–	–
Expenses	–	–
Total loss for investment in joint venture	–	–
GLG's share of jointly controlled entity's losses	–	–

The entity ceased business since 2012 and consolidated entity's share of losses for 2018 and 2017 was nil. The entity's cumulative unrecognised share of retained losses is US$757 thousand (2017: US$757 thousand).

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are carried in the Statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assets are pledged as security – refer further to Note 20.

Land and buildings are initially recognized at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The lease period is for 60years, ending 2050. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation

Building on freehold land	50 years
Leasehold properties	Over term of lease
Plant and machinery	10 years
Furniture, fittings and office equipment	3-10 years
Motor vehicles	5-10 years

Assets and liabilities 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 2018 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	RM30-44 per square foot for land RM30-100 per square foot for building RM = Malaysian Ringgit currency	RM24 per square foot for land RM75 per square foot for building	The higher the price per square foot the higher the fair value

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Valuation of land and buildings – estimates and judgements

The Group has determined that the revaluation model is more appropriate for reflecting the value of their land and buildings.

	Consolidated	
	2018 US$'000	2017 US$'000
Land and Buildings		
Freehold		
Land at independent valuation	789	789
Building at independent valuation	342	342
Total land and building	1,131	1,131
Carrying amount of all freehold land had it been carried under the cost model	757	776
Leasehold		
Leasehold improvement		
At cost	378	187
Accumulated depreciation	(216)	(48)
	162	139
Land at independent valuation	1,911	1,783
Building at independent valuation	7,498	7,073
Reclassification from investment properties	4,192	-
Total land and building	13,763	8,995
Carrying amount of all leasehold had it been carried under the cost model	10,038	6,220
Plant and Equipment		
Plant and equipment:		
At cost	19,977	16,892
Accumulated depreciation	(8,636)	(7,164)
	11,341	9,728
Plant and equipment with net carrying amount were acquired under finance leases:		
At cost	371	143
Accumulated depreciation	(81)	(77)
	290	66
Plant and equipment with net carrying amount were acquired under bank borrowings		
At cost	16,426	15,942
Accumulated depreciation	(2,813)	(1,815)
	13,613	14,127
Total plant and equipment	25,244	23,921
Total property, plant and equipment	**40,138**	**34,047**

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Sub-total US$'000	Construction in Progress US$'000	Plant and machinery US$'000	Renovation US$'000	Other assets US$'000	Motor vehicles US$'000	Total US$'000
Balance as at 01 July 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**
Additions	–	44	44	41	3,680	417	745	243	5,170
Reclassification	–	4,192	4,192	–	–	–	–	–	4,192
Disposals	–	–	–	(635)	(672)	–	(22)	–	(1,329)
Transfer	–	–	–	(836)	795	41	–	–	–
Revaluation deficit	–	700	700	–	–	–	–	–	700
Balance as at 30 June 2018	**1,131**	**13,979**	**15,110**	**196**	**20,381**	**9,976**	**5,563**	**658**	**51,884**
Accumulated depreciation									
Balance as at 1 July 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**
Depreciation expense	–	302	302	–	1,857	500	297	42	2,998
Depreciation on disposals	–	–	–	–	(208)	–	(14)	–	(222)
Revaluation deficit	–	(134)	(134)	–	–	–	–	–	(134)
Balance as at 30 June 2018	**–**	**216**	**216**	**–**	**5,916**	**2,747**	**2,501**	**366**	**11,746**
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 30 June 2018	**1,131**	**13,763**	**14,894**	**196**	**14,465**	**7,229**	**3,062**	**292**	**40,138**

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

16. OTHER ASSETS

	Consolidated	
	2018 US$'000	2017 US$'000
Current		
Prepayments	1,330	1,725
Non-current		
Prepayments	2,555	2,615

17. 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 2018, 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 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.

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	RM40 to 63 per square foot for land RM40 to 100 per square foot for building RM = Malaysian Ringgit currency	RM47 per square foot for land RM73 per square foot for building	The higher the price per square foot, the higher the fair value

17. INVESTMENT PROPERTY (cont'd)

	Consolidated	
	2018 US$'000	2017 US$'000
Beginning of financial year	3,762	4,014
Fair value gain/ (loss) recognised in profit or loss	378	(252)
Fair value gain recognised in revaluation reserve	52	–
Reclassification to property, plant and equipment since intercompany rental in 2018	(4,192)	–
End of financial year	**–**	**3,762**

The following are recognised in profit or loss in respect of investment property.

	Consolidated	
	2018 US$'000	2017 US$'000
Rental income [i]	–	227
Direct operating expenses arising from:		
Investment property that generated rental income	(28)	(8)
	(28)	219

[i] Rental income represents the market-value rental of the property at Lot 7962, Batu 22, Jalan Air Hitam, 81000 Kulai, Johor for the twelve months ending 30 June 2018. This rental income is eliminated upon consolidation as the tenant (Ghim Li Fashion (M) Sdn Bhd) and landlord (Maxim Textile Technology Sdn Bhd) are both subsidiaries of GLG.

Valuation of investment properties – estimates and judgements

GLG has determined that the fair value model is more appropriate for reflecting the value of their investment properties.

18. INTANGIBLE ASSETS

	Consolidated	
	2018 US$'000	2017 US$'000
Cost		
As at 1 July 2017	13	–
Additions	64	13
As at 30 June 2018	77	13
Accumulated Depreciation		
As at 1 July 2017	1	–
Additions	20	1
As at 30 June 2018	21	1
Net book Value		
As at 1 July	**12**	**–**
As at 30 June	**56**	**12**
Goodwill	1,841	1,841
Total intangible assets		
As at 1 July	**1,853**	**–**
As at 30 June	**1,897**	**1,853**

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. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

18. INTANGIBLE ASSETS (cont'd)

Goodwill – estimates and judgements

GLG assesses impairment at the end of each reporting period by evaluating the conditions and events specific to GLG that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions within the CGU. The value in use is based on the cash flow projections for a period of two years. The cash flow projections are based on the FY2019 budget that has been approved by the board with estimated growth rates of 5% for FY2020 with a terminal growth rate of 2.5%. As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections and future growth objectives.

The pre tax discount rate applied to these cash flow projections is 8.2%. The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital. The tax rate applied in the valuation model is based on the corporate tax rate in Malaysia of 24%.

There has been no impairment loss recognised in relation to goodwill.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

19. TRADE AND OTHER PAYABLES

	Consolidated	
	2018	**2017**
	US$'000	**US$'000**
Trade payables [(i)]	16,028	3,236
Other payables	4,215	4,238
Ghim Li Group [(ii)]	13,462	15,757
Accruals – employee remuneration	1,649	867
Accruals – deferred rent	536	536
Accruals – audit fee	105	84
Accruals – TR interest	216	130
Accruals – others	1,038	732
	37,249	**25,580**

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

(ii) This payable due to Ghim Li Group (majority shareholder of GLG) is the outstanding amount owed by GLG for the purchase consideration payable for the acquisition of Maxim entities in December 2016.

20. BORROWINGS

	Consolidated 2018 US$'000	2017 US$'000
Secured – at amortised cost		
Current		
Trust receipts (Gross) (i) (1)	50,802	46,768
Bills payable (Gross) (3)	15,369	2,768
Finance lease liabilities (Note 26)	39	136
Bank Loan	1,100	500
Term Loan (2)	4,412	3,652
Total current borrowings	**71,722**	**53,824**
Non-current		
Finance lease liabilities (Note 26)	151	38
Term Loan (2)	8,403	10,840
Total non-current borrowings	**8,554**	**10,878**
Disclosed in the financial statements as:		
Current borrowings	71,722	53,824
Non-current borrowings	8,554	10,878
	80,276	**64,702**

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: GLG uses bank facilities to support the working capital requirement of its operations. Presently, the bank facilities provided to GLG are uncommitted short term trade financing facilities which are renewable annually by the banks and long term financing facilities.

At 30 June 2018 GLG Corp Ltd had short term financing facilities available of US$127,652 thousand, long-term financing facilities available of US$23,538 thousand and foreign exchange available of US$17,855 thousand. (Short term: US$81,068 thousand was used and US$46,584 thousand was unused. Long-term: US$12,815 thousand was used and US$10,723 thousand was unused. Foreign exchange of US$17,855 thousand was unused). Compared with US$133,603 thousand of short term financing facilities, long-term financing facilities of US$23,252 thousand and forward contract available of US$19,102 thousand at 30 June 2017 (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). GLG believe that it will continue to have the strong support from main bankers for its working capital and capital expenditure requirements.

The facilities used are inclusive of the contingent liabilities as disclosed in note 25.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

20. BORROWINGS (cont'd)

Terms & Conditions of Borrowing Balances:

(1) Trust Receipts are denominated in USD, bear weighted average effective interest rate of 2.66% (2017: 2.37%) per annum for a tenure of 4 months and are secured by corporate guarantee from major shareholder, Ghim Li Group. Trust receipts are a discount form of supplier credit. In commercial terms, they are accounts payable.

(2) Term Loan relates to purchase of property, plant and machinery of the Company's subsidiaries and are secured by a negative pledge of the assets of the Company and corporate guarantee from the majority shareholder, Ghim Li Group. The loan repayment period varies from 8 to 10 years for property and 5 to 6 years for plant and machinery. The weighted average effective interest rate for such loans is 4.02% per annum (2017: 3.58% per annum).

(3) Bills Payable are amounts received from banks for discounting sales invoices billed to customers. Such liabilities are secured by corporate guarantee from major shareholder, Ghim Li Group with weighted average effective interest rate of 2.66% (2017: 2.37%) per annum.

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

	2018	2017
Bank loans	3.94% p.a.	2.68% p.a.
Term loan	4.02%	3.58%
Trust receipts / Bill payable	2.66%	2.37%
Finance lease liabilities	5.31% p.a.	4.70% p.a.

21. ISSUED CAPITAL

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
74,100,000 (2017: 74,100,000) fully paid ordinary shares	**10,322**	**10,322**

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.

- Ordinary shares are classified as equity and entitle the holder to participate in dividends and the proceeds on the winding up of GLG in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and GLG does not have a limited amount of authorised capital.

	Consolidated			
	No. '000	2018 US$'000	No. '000	2017 US$'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**

22. RETAINED EARNINGS

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Balance at beginning of financial year	47,985	43,792
Net profit attributable to members of the parent entity	2,395	4,193
Balance at end of financial year	**50,380**	**47,985**

23. EARNINGS PER SHARE

	Consolidated 2018 Cents per share	Consolidated 2017 Cents per share
Basic earnings per share:		
Total basic earnings per share	3.23	5.66
Diluted earnings per share:		
Total diluted earnings per share	3.23	5.66

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:

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Net profit	2,395	4,193
Earnings used in the calculation of basic EPS	2,395	4,193

	Consolidated 2018 No.'000	Consolidated 2017 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

23. EARNINGS PER SHARE (cont'd)

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

	Consolidated	
	2018 US$'000	2017 US$'000
Net profit	2,395	4,193
Earnings used in the calculation of diluted EPS	2,395	4,193

	Consolidated	
	2018 No.'000	2017 No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS	74,100	74,100

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

24. COMMITMENTS FOR EXPENDITURE

a) Capital expenditures

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Consolidated	
	2018 US$'000	2017 US$'000
Property, plant and equipment	268	810
	268	**810**

24. COMMITMENTS FOR EXPENDITURE (cont'd)

b) Operating lease commitment – where the consolidated entity is a lessee

GLG leases property under operating leases expiring from one to 44 years. Leases generally provide GLG with a right of renewal, at which time all terms are renegotiated.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Consolidated	
	2018 US$'000	2017 US$'000
Not later than one year	2,462	1,425
Longer than 1 year and not longer than 5 years	7,932	5,576
Between one and five years	927	1,632
	11,321	**8,633**

25. CONTINGENT LIABILITIES

	Consolidated	
	2018 US$'000	2017 US$'000
Guarantees arising from Letters of Credit in force [(i)]	9,382	8,130
Total	**9,382**	**8,130**

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

26. LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

GLG as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

26. LEASES (cont'd)

Finance lease liabilities

Leasing arrangement

GLG leases motor vehicles and office equipment under finance leases expiring from one to five years. All the leases involve lease payments of a fixed base amount. No contingent rentals were paid during the year (2017: nil)

	Minimum future lease payments Consolidated		Present value of minimum future lease payments Consolidated	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
No later than 1 year	44	140	39	136
Later than 1 year and not later than 5 years	138	41	113	38
More than 5 years	40	–	39	–
Minimum future lease payments*	222	181	190	174
Less future finance charges	(32)	(7)	–	–
Present value of minimum lease payments	**190**	**174**	**190**	**174**
Included in the financial statements as (note 20)				
Current borrowings			39	136
Non-current borrowings			151	38
			190	**174**

* Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

27. SUBSIDIARIES

Name of subsidiary	Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
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	Singapore	100	100
AES (USA) Inc	USA	100	100
G&G Fashion (Vietnam) Co., Ltd.	Vietnam	100	100
Maxim Textile Technology Sdn Bhd	Malaysia	100	100
Maxim Textile Technology Pte Ltd	Singapore	100	100
Ghim Li Global International (GuangZhou) Ltd [i]	China	–	100
Ghim Li Fashion (M) Sdn Bhd	Malaysia	100	100
GG Fashion (Cambodia) Co., Ltd [ii]	Cambodia	100	–

[i] This company was inactive and liquidated on 10 August 2017.

[ii] This company was newly set up on 9 Aug 2017.

28. NOTES TO THE CASH FLOW STATEMENT

Cash comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of financial position as follows:

	Consolidated	
	2018 US$'000	2017 US$'000
Cash and cash equivalents	8,183	6,881
	8,183	**6,881**

b) Financing facilities

Secured bank loan facilities with various maturity dates and which may be extended by mutual agreement:

	Consolidated	
	2018 US$'000	2017 US$'000
• amount used	93,883	72,658
• amount unused	75,162	103,299
	169,045	**175,957**

28. NOTES TO THE CASH FLOW STATEMENT (cont'd)

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

	Consolidated	
	2018 US$'000	2017 US$'000
Profit for the year	2,395	4,193
Depreciation and amortisation of non-current assets	2,998	2,232
Amortisation of intangible assets	20	1
Bad debts write-off	–	296
Fair value adjustment on investment property (Note 17)	(378)	252
Gain on sales of non-current assets	(33)	–
Loss on written off non-current assets	73	4
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	(6,965)	(539)
Trade and other receivables	(6,302)	(4,695)
Other assets	455	(2,071)
Increase/(decrease) in liabilities:		
Trade and other payables	13,964	2,366
Current tax	97	(460)
Deferred tax	485	(201)
Net cash provided by operating activities	**6,809**	**1,378**

d) Changes in liabilities arising from financing activities

	1 July 2017 US$'000	Cashflows US$'000	Transfer of PPE US$'000	30 June 2018 US$'000
Proceeds from borrowings	64,702	15,574	–	80,276
Amounts advanced to other parties	(41,302)	(14,215)	(404)	(55,921)
Repayment related entity borrowings	14,433	(2,296)	–	12,137
Total	**37,833**	**(937)**	**(404)**	**36,492**

29. RESERVES

a) Revaluation reserves

	Consolidated	
	2018 US$'000	**2017 US$'000**
Beginning of financial year	3,599	3,980
Fair value adjustment from property, plant and equipment to investment properties	52	–
Revaluation gain/ (deficit) arising from property, plant and equipment	834	(381)
End of financial year	**4,485**	**3,599**

The revaluation reserve represents the decrease in the fair value of the freehold and leasehold land and buildings, net of tax.

b) Merger reserves

The merger reserve of US$14,812 thousand is a result of the common control acquisition.

30. FINANCIAL INSTRUMENTS

a) Capital risk management

GLG manages its capital to ensure that entities in GLG will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. GLG's overall strategy remains unchanged from 2017.

The capital structure of GLG consists of debt, which includes the borrowings disclosed in note 20 and equity attributable to equity holders of the parent, comprising issued capital and retained earnings as disclosed in notes 21 and 22 respectively.

Operating cash flows are used to maintain and expand GLG's assets, as well as to make the routine outflows of tax and repayment of maturing debt. GLG's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

30. FINANCIAL INSTRUMENTS (cont'd)

a) Capital risk management (cont'd)

Gearing ratio

An integral function of GLG's Board is risk management. The Board reviews the capital structure on a semi-annual basis.

The gearing ratio at year end was as follows:

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Debt [(i)]	80,276	64,702
Cash and cash equivalents	(8,183)	(6,881)
Net Debt	**72,093**	**57,821**
Equity [(ii)]	50,375	47,094
Net debt to equity ratio	**143%**	**123%**

[(i)] Debt is defined as long-term and short-term borrowings, as detailed in note 20.

[(ii)] Equity includes all capital, retained earnings and reserves

b) Categories of financial instruments

	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Financial assets		
Loans and receivables	96,670	75,749
Cash and cash equivalents	8,183	6,881
Financial liabilities		
Amortised cost	117,525	90,282

c) Financial risk management objectives

GLG has not executed any derivatives in the current year, hence the policy listed below are for background information purpose only. If and when such derivatives are used in the future, the objectives is to use them in accordance with a board approved policy. The policy requires GLG co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the consolidated entity.

GLG does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated entity's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

GLG's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. GLG minimises its financial risk of changes in foreign currency exchange rate through the natural hedge of matching its revenues and purchases in US dollars and matching of its assets and liabilities in US dollars.

30. FINANCIAL INSTRUMENTS (cont'd)

d) Foreign currency risk management

GLG undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise

The carrying amount of GLG's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Singapore dollars	181	645	4	2,091
Hong Kong dollars	–	–	–	10
Vietnamese Dong	105	703	11	119
Malaysia Ringgit	993	3,221	598	1,168
Australia Dollar	20	77	16	154
	1,299	**4,646**	**629**	**3,542**

e) Foreign currency sensitivity analysis

GLG is mainly exposed to movements in the value of Singapore dollars and Malaysia ringgits compared to the US dollar.

The following table details GLG's sensitivity to a 10% increase and decrease in the United States dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within GLG where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss where the United States dollars strengthens against the respective currency. For a weakening of the United States dollars against the respective currency there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Singapore Dollars Impact		Malaysian Ringgit Impact		Vietnamese Dong Impact		Other Foreign Currency Impact	
	Consolidated		Consolidated		Consolidated		Consolidated	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Profit or loss	(65)	289	(396)	(411)	(95)	(115)	1	17

30. FINANCIAL INSTRUMENTS (cont'd)

f) Interest rate risk management

GLG is exposed to interest rate risk as entities in GLG borrow funds at both fixed and floating interest rates. The risk is managed by GLG by maintaining an appropriate mix between fixed and floating rate borrowings. As no hedging activities undertaken in the current year and if such activities are to be considered in the future, they will be evaluated to align with interest rate views and define risk appetite; ensuring optimal hedging strategies are applied, by either positioning the Statement of financial position or protecting interest expense through different interest rate cycles.

GLG's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, GLG's:

Net profit would increase by US$106 thousand and decrease by US$96 thousand (2017: increase by US$77 thousand and decrease by US$70 thousand). This is mainly attributable to GLG's exposure to interest rates on its variable rate borrowings

g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to GLG. The Company deals with creditworthy counterparties by reviewing the exposure and credit-ratings of its counterparties to mitigate the risk of financial loss from defaults. Credit exposure is continuously monitored by the payment behaviors of counterparties in relation to the financial strength.

Trade accounts receivable consist of a number of retail customers located in the United States of America. Ongoing credit evaluation is performed on the financial condition of accounts and, where appropriate, trading within the credit limits or discounting of receivables on non-recourse basis with credit acceptance or insurance in place.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any GLG of counterparties having similar characteristics except to the GLIT receivable as disclosed in Note 11. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. There were no derivatives in the current year.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The consolidated entity also faces risks of orders cancellation. This is related to fabric, accessories and manufacturing cost incurred on orders cancelled prior to shipment. The consolidated entity is now exploring credit insurance to cover this risk as well.

30. FINANCIAL INSTRUMENTS (cont'd)

h) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 28(b) is a listing of additional undrawn facilities that GLG has at its disposal to further reduce liquidity risk.

As business competition dictates, GLG has by choice given extended payment terms to certain core customers with high-volume impact during the current year. Although such practice increases the liquidity risk and cash flow requirement, it is also considered to be an essential element of market penetration and customer retention. The resulting cash flow impact is evaluated with the support of undrawn banking facilities that GLG has arranged to support such business growth.

Liquidity and interest risk tables

The following table details that GLG's remaining contractual maturity for its non-derivative financial liabilities and expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which GLG can be required to receive/pay. The table includes both interest and principal cash flows.

Consolidated

	Weighted average effective interest rate %	Within 1 year US'000	2-5 years US'000	5+ years US'000	Total US'000
2018					
Financial Assets					
Non-interest bearing	–	97,982	5,000	1,871	104,853
Financial Liabilities					
Non-interest bearing	–	37,249	–	–	37,249
Variable interest rate instruments	2.66	66,709	–	–	66,709
Term loan	4.02	4,639	8,326	1,343	14,308
Bank loan	3.94	1,107	–	–	1,107
Finance lease liability	5.31	45	138	39	222
2017					
Financial Assets					
Non-interest bearing	–	75,759	5,000	1,871	82,630
Financial Liabilities					
Non-interest bearing	–	25,580	–	–	25,580
Variable interest rate instruments	2.37	49,927	–	–	49,927
Term loan	3.58	4,246	9,076	2,618	15,940
Bank loan	2.68	501	–	–	501
Finance lease liability	4.70	139	42	–	181

30. FINANCIAL INSTRUMENTS (cont'd)

h) Liquidity risk management (cont'd)

The variable interest rates were as follows:

	2018	2017
Term loan	4.02% p.a.	3.58% p.a.
Bank loan	3.94%	2.68%
Trust receipts / Bill payables	2.66%	2.37%
Finance lease liabilities	5.31% p.a.	4.70% p.a.

i) Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:
the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of the key management personnel of the Company and GLG is set out below:

	Consolidated	
	2018 US$	2017 US$
Short-term employee benefits	1,239,561	1,203,196
Post-employment benefits	34,858	36,730
	1,274,419	**1,239,926**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

31. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

Post-employment benefits

These amounts are the current-year's estimated costs of providing for GLG's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

The compensation of each member of the key management personnel of GLG is set out in the remuneration report:

a) Key management personnel compensation policy

Details of key management personnel

The Directors of GLG Corp Ltd during the year were:

- Estina Ang Suan Hong as Executive Chairman and Chief Executive Officer
- Christopher Chong Meng Tak as Independent Director
- Shane Hartwig as Independent Director
- Felicia Gan Peiling as Director on 15 September 2015 and Chief Marketing Officer

Other key management personnel of GLG Corp Ltd during the year were:

- Shawn Fung as Chief Financial Officer and Head of IT & Human Resources
- Susan Yong as Executive Vice President – Operations

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

32. RELATED PARTY TRANSACTIONS

a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 27 to the financial statements

b) Transactions with key management personnel

i) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 31 to the financial statements and the remuneration report.

32. RELATED PARTY TRANSACTIONS (cont'd)

c) Transactions with other related parties

During the year, GLG entities entered into the following expenditure transactions with related parties that are not members of GLG:

	Transaction with Ghim Li Group Pte Ltd (majority shareholder) 2018 US$'000	2017 US$'000
Rental	1,329	1,201
Loan Interest	–	5
Utilities	46	–
Financial Guarantee fee	54	107
	1,429	**1,313**

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date.

Amounts receivable from and payable to these related parties are disclosed in note 19 to the financial statements. Loan balances were settled at the end of the year.

d) Majority shareholder

The majority shareholder of GLG Corp Ltd is Ghim Li Group Pte Ltd. Ghim Li Group Pte Ltd is incorporated in Singapore.

The majority shareholder Ghim Li Group Pte Ltd has entered into a letter of undertaking dated 27 June 2013 to guarantee the repayment of GLIT and other receivables up to a cap of US$25 million, however based on the share price at the year end this is valued at US$5,200 thousand.

33. REMUNERATION OF AUDITORS

	Consolidated 2018 US$	2017 US$
Auditor of the parent entity		
Audit and review of the financial report	56,541	55,740
Tax services	3,082	–
	59,623	**55,740**
Related Practice of the parent entity auditor		
Audit or review of the subsidiaries	97,699	98,500
Tax services	9,405	10,030
	107,104	**108,530**

The auditor of *GLG Corp Ltd* is BDO East Coast Partnership.

The related practices are BDO Singapore, BDO Vietnam and BDO HK. Cheng & Co was also used in both 2018 and 2017. (FY2018: Audit US$17,864 and Tax Service US$8,844. FY2017: Audit US$15,523 and Tax Service US$2,330).

34. PARENT ENTITY DISCLOSURES

Financial position	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Assets		
Current assets	80	154
Non-current assets	30,000	30,000
Total assets	30,080	30,154
Liabilities		
Current liabilities	3,471	3,392
Non-current liabilities	212	184
Total liabilities	3,683	3,576
Equity		
Issued capital	53,552	53,552
Accumulated Losses	(27,155)	(26,974)
Total equity	26,397	26,578

Financial performance	Consolidated 2018 US$'000	Consolidated 2017 US$'000
Loss for the year	(181)	(1,050)
Other comprehensive income	–	–
Total comprehensive income	(181)	(1,050)

Contingent liabilities

As at 30 June 2018, the parent entity had no contingent liabilities (2017: nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of GLG, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Contractual commitments

The parent did not have any contractual commitments at the end of the financial year

The above information is presented for the legal parent entity.

35. 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 GLG the ability to offer more control and speed-to market solutions to GLG's end customers. The acquired entity did not contribute to any profit from ordinary activities or revenue for GLG'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 GLG on 30 June 2017.

Transaction costs of US$18 thousand were recognised in respect to this acquisition and included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018.

As the acquisition was completed on 30 June 2017, GLG provisionally accounted for the acquisition in the balance sheet as of 30 June 2017.

In accordance with AASB 3-Business Combinations, GLG reassessed the previously accounted for acquisition amounts on 30 June 2018 and have determined that the initially recorded amounts accurately represented the fair value of the assets and liabilities at their acquisition date.

Details of the acquisition are as follows:

	Fair value $'000
Consideration	
- Offset against GLIT receivable in Note 11	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**

Business Combinations Recognition and Measurement

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). The excess of consideration over the fair value of net assets acquired is represented by goodwill.

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.

36. SUBSEQUENT EVENTS

On 28 June 2018, Ghim Li International (S) Pte Ltd, a fully-owned subsidiary of GLG Corp Ltd, has entered into an agreement with Ghim Li (Cambodia) Pte Ltd and its parent company, GLIT Holdings Pte Ltd to acquire some specific assets in the latter's garment manufacturing factory in Cambodia. The assets to be acquired consist of machinery and equipment, some other fixed assets and intangible assets such as trade name and customer network, employee database and records.

Ghim Li International (S) Pte Ltd plans to establish a garment manufacturing factory in Cambodia with a new legal entity in Cambodia, which will then be assigned to own and manage these assets acquired from the sellers. The rationale of this acquisition is to allow Ghim Li International (S) Pte Ltd to set up its own garment manufacturing factory in Cambodia to supplement its current garment manufacturing investment in Vietnam and Malaysia.

The completion of this acquisition is subject to the fulfilment of certain conditions, namely (a) the securing of Board approvals for GLIS, GLIT Holdings and Ghim Li Cambodia respectively, (b) obtaining regulatory and statutory approvals in Singapore and Cambodia and (c) the establishment of the legal entity by GLIS in Cambodia. Management expects all of these conditions to be met after 30 June 2018, hence this acquisition transaction is mentioned here as a subsequent balance sheet event. The receivables owed by GLIT to GLG Corp will be reduced by the same amount of the purchase consideration for the specific assets upon completion of this transaction, by way of set-off.

ADDITIONAL AUSTRALIAN SECURITIES EXCHANGE INFORMATION

AS AT 28 AUGUST 2018

HOLDING DISTRIBUTION

Range	Securities	%	No of Holders	%
100,001 and Over	71,957,701	97.11	19	4.88
10,001 to 100,000	1,259,468	1.70	32	8.23
5,001 to 10,000	202,377	0.27	22	5.66
1,001 to 5,000	678,800	0.91	307	78.92
1 to 1,000	3,654	0.00	9	2.31
Total	**74,100,000**	**100.00**	**389**	**100.00**
Unmarketable Parcels	580,954	0.78	296	76.09

VOTING RIGHTS

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.

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in GLG Corp Ltd register as at 28 August 2018 were:

	Fully paid ordinary shares	
Ordinary shareholders	**Number**	**Percentage**
Ghim Li Group Pte Ltd	50,116,000	67.63
	50,116,000	67.63

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Top 20 holders – 28 August 2018

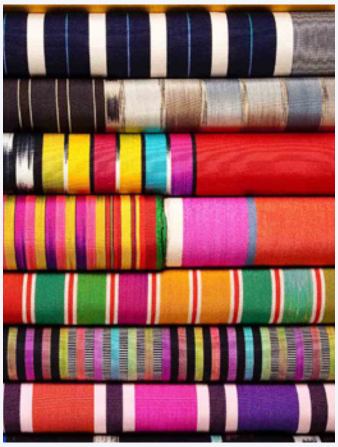
Rank	Name	No. of shares	Percentage
1	Ghim Li Group Pte Ltd	50,116,000	67.63
2	Mr Yin Min Yong	3,504,751	4.73
3	HSBC Custody Nominees (Australia) Limited	3,310,419	4.47
4	Mr Tiong Ang	2,222,000	3.00
4	Ms Peiling Gan	2,222,000	3.00
5	Ms Bee Phong Gan	2,183,297	2.95
6	Mr Yoke Min Pang	2,000,000	2.70
7	Mr Ah Yian Au	1,322,957	1.79
8	BNP Paribas Noms Pty Ltd	1,133,600	1.53
9	Ms Surina Gan Meng Hui	1,000,000	1.35
10	Gowing Bros Limited	830,903	1.12
11	Mr Gerald Francis Pauley & Mr Michael James Pauley	749,763	1.01
12	Dixson Trust Pty Limited	330,000	0.45
13	Markess Trustee Limited	250,000	0.34
14	Kam Hing Piece Works Ltd	206,010	0.28
15	Mr Ang Leong Aik	200,000	0.27
16	Ms Chean Moy Seng	150,000	0.20
17	Mr Eu Mun Leong	116,000	0.16
18	Mr Christopher Chong & Mrs Heather Chong	110,001	0.15
19	Ms Lim Chai Har	100,000	0.13
19	Mr Seow Teng Peng	100,000	0.13
20	Paromay Ltd	99,999	0.13
	Top 20	**72,257,700**	**97.51**
	Total	**74,100,000**	**100.00**

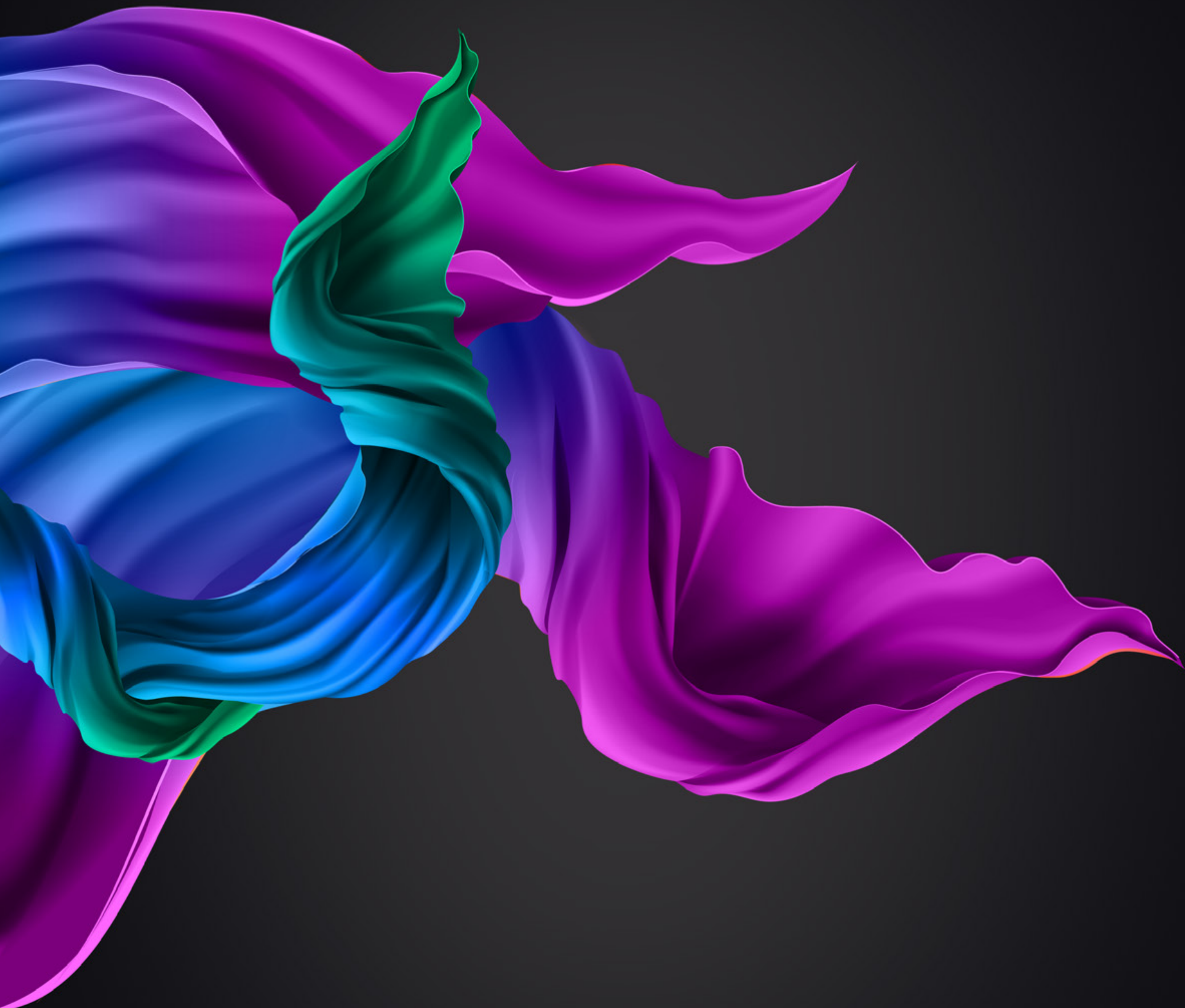
OUR PRODUCTS

ghim li
Group of Companies

Separates, coordinated styles, dresses Jumpsuits in trendy & novelty fabrics

Fashionable gym & sportswear in technical fabrics





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