

GLG Corp Ltd

ACN 116 632 958

Results for Announcement to the Market Appendix 4D – Half Year Report Given to ASX under Listing Rule 4, 2A

Current Reporting Period - Half Year Ended 31st
December 2018

Previous Reporting Period - Half Year Ended 31st
December 2017

1. Highlight of Results
2. Appendix 4D Financial Statements for the Half Year ended 31 December 2018

1. Results for announcement to market

Summary financial information for the company for the six months ended 31st December 2018. Full financial details are attached to this announcement.

Summary Information	31 –DEC-18 USD\$'000	Consolidated		Inc/(Dec) %
		31 –DEC-17 USD\$'000	Inc/(Dec) USD\$'000	
Revenue from Ordinary Activities	89,499	88,679	820	0.9%
Profit/(Loss) after Tax from Ordinary Activities	1,409	1,854	(445)	(24%)
Net Profit/(Loss) after Tax Attributable to Members	1,409	1,854	(445)	(24%)
Basic Earnings – US Cents Per Share	1.90	2.50	(0.60)	(24%)
Diluted Earnings – US Cents Per Share	1.90	2.50	(0.60)	(24%)
Net Tangible Assets – US Cents Per Share	67.34	64.43	2.91	4.5%

Dividends (Distributions)	As per security – US Cents	Franked amount per security-US cents
Dividends Paid during Year	Nil	Nil
Proposed Final Dividend	Nil	Nil
Proposed payment date for final dividend	N/A	N/A

Summary commentary on results

Directors Comments:

GLG's top-line revenue increased by 0.9% from US\$88,679 thousand to US\$89,499 thousand for the first half of this financial period ended 31 December 2018. This is due to increase in business with existing customer (from good execution) and business volume ramp from new customer recently won in the previous financial year.

Gross margin improved by 9% from US\$13,069 thousand to US\$14,375 thousand for the first half of FY2018 compared with a year ago, due to increased fabric margin and better garment product mix despite yarn price increase. The garment product mix margin is supported by the Landed Duty Paid business where the freight and customs duty costs are categorised under Selling and Distribution costs, as opposed to Cost of Sales.

Selling and distribution costs increased by 31% to US\$4,077 thousand compared to US\$3,113 thousand in the previous period 2017, mainly due to the incurrence of airfreight cost by garment factory in Cambodia and Maxim fabric mill to meet the tight delivery dates required from customers.

Administration expense increased by 26% to US\$6,984 thousand compared to US\$5,537 thousand in the previous period 2017. This is attributable to an increase in admin headcount in HQ coupled with an increase in costs from consolidation of garment factory in Cambodia.

Finance costs increased by 82% from US\$892 thousand to US\$1,624 thousand in the first half of 2019 compared with the corresponding period in the previous year, due to the increase in purchase of raw materials to support higher sales and new machineries investment in the factories.

Other expenses decreased by 79% from US\$1,514 thousand to US\$320 thousand due to cost savings in avoiding commitment fees payable to outsourced manufacturers in first half of FY2019.

Net profit after tax for GLG for the half year ended 31 December 2018 was US\$1,409 thousand, which represents decrease of US\$445 thousand or 24% compared to the corresponding period last year of US\$1,854 thousand. Overall, the decrease in profitability is due to production losses incurred in Vietnam and Cambodia garment factories.

Directors Comments: (cont'd)

Balance Sheet position

Inventory increased by about 20% to US\$23,455 thousand as at 31 December 2018 compared to US\$19,480 thousand as at 30 June 2018, due to an increase in the inventory of raw materials and work-in-process in the Maxim fabric mill to support the upcoming orders from customers and increase in yarn price. Correspondingly, this has also resulted in the increase in Trade and Others Payable increase by 18% to US\$43,881 thousand as at 31 December 2018 compared to US\$37,249 thousand as at 30 June 2018.

Property, plant and equipment increased marginally by 2% to US\$41,026 thousand as at 31 December 2018 compared to US\$40,138 thousand as at 30 June 2018, due to cost of investment in new machinery for the Cambodia garment factory and Maxim fabric mill.

Current and non-current borrowings decreased by 10% from US\$80,276 thousand as at 30 June 2018 to US\$71,907 thousand as at 31 December 2018, as a result of decrease in export invoice factoring from financial institutions and repayment of bank loans which correspondingly reduced the cash balance of 55% from US\$8,183 thousand as at 30 June 2018 to US\$3,684 thousand as at 31 December 2018.

Cash Flow

Overall, GLG's cash from operating activities increased to US\$8,243 thousand for the half year ended 31 December 2018 compared to US\$3,260 thousand for the corresponding period ended 31 December 2017. This increase occurred due to increase in sales and the prompt settlement from customers, supported by close monitoring of trade receivables.

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

Audit qualification or review

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