GLG Corp Ltd

ACN 116 632 958

PRELIMINARY FINAL REPORT

YEAR ENDED 30 June 2019

1. Highlight of Results

2. Appendix 4E Financial Statements for the Year ended 30 June 2019

1. Results for announcement to market

Summary financial information for the consolidated entity for the 2018/19 financial year is set out below. Full financial details are attached to this announcement.

		Consolidated		
Summary Information	**30 –JUN-19 USD$'000**	**30 –JUN-18 USD$'000**	**Inc/(Dec) USD$'000**	**Inc/(Dec) %**
Revenue from Ordinary Activities	175,709	180,606	(4,897)	(2.71)
Profit/(Loss) after Tax from Ordinary Activities	455	2,395	(1,940)	(81.00)
Net Profit/(Loss) after Tax Attributable to Members	455	2,395	(1,940)	(81.00)
Basic Earnings – US Cents Per Share	0.61	3.23	(2.62)	(81.11)
Diluted Earnings – US Cents Per Share	0.61	3.23	(2.62)	(81.11)
Net Tangible Assets – US Cents Per Share	62.73	65.42	(2.69)	(4.11)

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

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

Comparison of Consolidated Statement of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2019 with that of 30 June 2018.

GLG's sales slightly decreased by US$4,897 thousand, or 2.7% from US$180,606 thousand in the previous year to US$175,709 thousand in this financial year. The decline in sales was mainly attributed to continued weakness in our end-customers' retail apparel market.

However gross margin slightly improved to 15.6% compared to 14% in the previous year due to better garment product mix.

Selling and distribution costs increased by 33% to US$8,315 thousand compared to US$6,252 thousand in the previous year, mainly due to the incurrence of airfreight cost and raw materials deliveries cost by garment factory in Cambodia and Maxim fabric mill to meet the tight delivery dates required from customers.

Administrative expenses increased by 19.4% to US$13,867 thousand compared to US$11,614 thousand in the previous year. 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 53% from US$2,077 thousand to US$3,178 thousand in the current year compared to previous year, due to the increase in purchase of raw materials and new machineries investment in Cambodia.

Other expenses decreased by 36.7% from US$2,649 thousand to US$1,675 thousand due to reduction in legal fees and cost avoidance in commitment fees payable to outsourced manufacturers in previous year.

Net profit after tax for GLG was US$455 thousand, which represents a decrease of US$1,940 thousand or 81% compared to the financial year ended 30 June 2018 of US$2,395 thousand. Overall, the decrease mainly due to production losses incurred in Vietnam and Cambodia garment factories.

Summary commentary on results (cont'd)

Comparison of the Consolidated Statement of Financial Position as at 30 June 2019 with that of 30 June 2018.

Trade and other receivables decreased by 2.8% from US$89,455 thousand as at 30 June 2018 to US$86,917 thousand as at 30 June 2019. The decrease was primarily due to prompt settlement of payment from customers.

Property, plant and equipment reduced marginally by 8.1% to US$36,896 thousand as at 30 June 2019 compared to US$40,138 thousand as at 30 June 2018, due to account reclassification of the non-current assets of Vietnam subsidiary to "Assets Held For Sale" in compliance with AASB 5.

Intangible assets increased by 151.8% to US$4,776 thousand as at 30 June 2019 compared to US$1,897 thousand as at 30 June 2018, due to acquisition of specific assts (trade name, customer network and employee database) from outsourced manufacturing supplier, Ghim Li Cambodia Pte Ltd.

Trade and other payables increased by 32.4% to US$49,335 thousand as at 30 June 2019 compared to US$37,249 thousand as at 30 June 2018, resulting from increase in short term financing extended by company director and majority shareholder, Ghim Li Group Pte Ltd.

Current and non-current borrowings decreased by 12.1% from US$80,276 thousand as at 30 June 2018 to US$70,580 thousand as at 30 June 2019, as a result of decrease in export invoice factoring from financial institutions and repayment of bank loans which correspondingly reduced the cash balance of 37.5% from US$8,183 thousand as at 30 June 2018 to US$5,113 thousand as at 30 June 2019.

Summary commentary on results (cont'd)

Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2019 with that of 30 June 2018.

GLG's cash from operating activities increased by 97.1% to US$13,418 thousand as at 30 June 2019 compared to US$6,809 thousand as at 30 June 2018. This increase resulted mainly due to prompt settlement from customers, supported by close monitoring of trade receivables.

Net cash used in investing was increased by US$6,237 thousand or 136% to US$10,807 thousand as at 30 June 2019 compared to US$4,570 thousand as at 30 June 2018. This was mainly attributable to additions of new plant & machinery, renovation and intangible assets in Cambodia factory to meet the needs of higher production levels.

Net cash used in financing was increased to US$5,940 thousand as at 30 June 2019 compared to US$937 thousand as at 30 June 2018. The increase stemmed from financing the working capital incurred in the factories for fabric and garment production.

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

Consolidated Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2019

	Note	Consolidated 2019 US$'000	2018 US$'000
Revenue	4	175,709	180,606
Cost of sales		(148,267)	(155,326)
Gross profit		**27,442**	**25,280**
Other income	4	1,031	1,118
Distribution expenses		(8,315)	(6,252)
Administration expenses		(13,867)	(11,614)
Finance costs		(3,178)	(2,077)
Other expenses		(1,675)	(2,649)
Profit before income tax expense		**1,438**	**3,806**
Income tax expense		(983)	(1,411)
Profit for the year		**455**	**2,395**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus, on land and building, net of tax		431	834
Fair value adjustment of reclassification of PPE to investment property		-	52
Other comprehensive income, net of tax		**431**	**886**
Total comprehensive income for the year		**886**	**3,281**
Earnings per share:			
Basic (cents per share)	11	0.61	3.23
Diluted (cents per share)	11	0.61	3.23

Notes to the financial statements are included on pages 10 to 30

Consolidated Statement of financial position as at 30 June 2019

	Note	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Current assets			
Cash and cash equivalents		5,304	8,183
Trade and other receivables	5	86,917	89,455
Inventory	18	20,755	19,480
Other assets	6	843	1,330
Other financial assets	7	344	344
Assets held for sale	19	10,704	-
Total current assets		**124,867**	**118,792**
Non-current assets			
Other assets	6	-	2,555
Other financial assets	7	6,871	6,871
Investments accounted for using the equity method	15	-	-
Intangible assets	17	4,776	1,897
Property, plant and equipment	13	36,896	40,138
Total non-current assets		**48,543**	**51,461**
Total assets		**173,410**	**170,253**
Current liabilities			
Trade and other payables	8	49,335	37,249
Borrowings	9	63,972	71,722
Current tax liabilities		427	791
Total current liabilities		**113,734**	**109,762**
Non-current liabilities			
Borrowings	9	6,608	8,554
Deferred tax liabilities		1,807	1,562
Total non-current liabilities		**8,415**	**10,116**
Total liabilities		**122,149**	**119,878**
Net assets		**51,261**	**50,375**
Equity			
Issued capital	10	10,322	10,322
Revaluation reserves		4,916	4,485
Merger reserves		(14,812)	(14,812)
Retained earnings		50,835	50,380
Total equity		**51,261**	**50,375**

Notes to the financial statements are included on pages 10 to 30

Consolidated Statement of changes in equity for the financial year ended 30 June 2019

	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 2017	10,322	3,599	(14,812)	47,985	47,094
Profit after income tax expense	-	-	-	2,395	2,395
Other comprehensive income for the year, net of tax	-	886	-	-	886
Total comprehensive income	**-**	**886**	**-**	**2,395**	**3,281**
Balance at 30 June 2018	**10,322**	**4,485**	**(14,812)**	**50,380**	**50,375**
Balance at 1 July 2018	10,322	4,485	(14,812)	50,380	50,375
Profit after income tax expense	-	-	-	455	455
Other comprehensive income for the year, net of tax	-	431	-	-	431
Total comprehensive income	**-**	**431**	**-**	**455**	**886**
Balance at 30 June 2019	**10,322**	**4,916**	**(14,812)**	**50,835**	**51,261**

Notes to the financial statements are included on pages 10 to 30

Consolidated Statement of cash flows for the financial year ended

30 June 2019

	Note	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Cash flows from operating activities			
Receipts from customers		186,103	175,001
Payments to suppliers and employees		(168,848)	(165,662)
Interest income		7	10
Interest and other costs of finance paid		(2,743)	(1,711)
Income tax paid		(1,101)	(829)
Net cash provided by operating activities	16	**13,418**	**6,809**
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		-	29
Payment for property, plant and equipment		(7,880)	(4,535)
Payment for intangible assets		(2,927)	(64)
Net cash used in investing activities		**(10,807)**	**(4,570)**
Cash flows from financing activities			
Net (payment)/ proceeds from borrowings		(9,696)	15,574
Advance from/ (Payment to) Ghim Li Group		7,381	(2,296)
Advance from director		3,658	-
Payment to outsourced manufacturing suppliers		(6,833)	(14,215)
Net cash used in financing activities		**(5,490)**	**(937)**
Net (decrease)/ increase in cash and cash equivalents		**(2,879)**	**1,302**
Cash and cash equivalents at the beginning of the financial year		8,183	6,881
Cash and cash equivalents at the end of the financial year		**5,304**	**8,183**

Notes to the financial statements are included on pages 10 to 30

Notes to the Appendix 4E

1. General information

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

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

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

Principal place of business
21 Jalan Mesin,
Singapore 368819

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

2. Significant accounting policies

Statement of compliance

The preliminary financial report has been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Standards Board for the measurement and recognition criteria. The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public pronouncements made by the consolidated entity during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. Unless otherwise detailed in this note, accounting policies have been consistency applied by the entities in the group, and are consistent with those applied in the 30 June 2018 annual report.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars, unless otherwise noted.

The consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the financial statements in accordance with that Legislative Instrument.

The accounting policies and methods of computation adopted in the preparation of the preliminary financial report are consistent with those adopted and disclosed in the company's 2018 annual financial report for the financial year ended 30 June 2018, except for the impact of the new and revised Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Significant accounting policies (cont'd)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair value hierarchy
The following details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3 – refer to Note 13 for further details

2. Significant accounting policies (cont'd)

Common Control Business Combination

A business combination involving entities under common control is accounted for under the pooling of interest method since the combining businesses are ultimately controlled by the same party, both before and after the business combination. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect fair values at the date of combination. Goodwill is not recognised as a result of the combination. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination took place. Comparatives are also restated as there has been effectively no change in control. Any difference between the consideration paid and the equity acquired is reflected within equity.

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

Business Combinations

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

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

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

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represent the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

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

2. Significant accounting policies (cont'd)

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

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

3. Segment information

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: fabric and garments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The directors' review EBIT (earnings before interest and tax). The accounting policies adopted for internal reporting to the directors are consistent with those adopted in the financial statements.

The information reported to the directors is on at least a monthly basis.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Fabric manufacturing	the manufacture and wholesaling of fabric
Garment	the manufacturing and wholesaling of garments

Intersegment transactions
Intersegment transactions were made at market rates. The garment retailing operating segment purchases fabric from the fabric manufacturing operating segment. Intersegment transactions are eliminated on consolidation.

3. Segment information (cont'd)

Consolidated – 30 June 2019	Fabric Manufacturing US$'000	Garment US$'000	Intersegment Eliminations US$'000	Total US$'000
Revenue				
Sales to external customers	727	174,982	-	175,709
Intersegment sales	62,553	-	(62,553)	-
Total revenue	63,280	174,982	(62,553)	175,709
Interest revenue	6	292	(291)	7
Depreciation	2,116	1,192	-	3,308
EBIT	**3,948**	**668**	-	**4,616**
Finance costs				(3,178)
Profit before income tax expense				1,438
Income tax expense				(983)
Profit after income tax expenses				**455**

Consolidated – 30 June 2018	Fabric Manufacturing US$'000	Garment US$'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 revenue	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 expenses				**2,395**

3. Segment information (cont'd)

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

	Fabric	
	2019 US$'000	**2018 US$'000**
Cambodia	336	447
India	216	89
Madagascar	-	25
Malaysia	175	241
Myanmar	-	65
	727	**867**

	Garments	
	2019 US$'000	**2018 US$'000**
Canada	32,993	34,151
China	77	179
Europe	824	11,837
Japan	333	134
Singapore	177	1
USA	140,239	133,395
Cambodia	195	-
Vietnam	39	42
Others	105	-
	174,982	**179,739**

4. Revenue

	Consolidated	
	2019 US$'000	2018 US$'000
Revenue from the sale of goods	175,709	180,606
Other income		
Sample income	68	46
Profit on sale of assets	-	32
Interest income	7	10
Insurance compensation	500	-
Payable written back	334	289
Fair value adjustment on investment property	-	378
Other	122	363
Total other income	**1,031**	**1,118**
	176,740	**181,724**

5. Trade and other receivables

	Consolidated	
	2019 US$'000	2018 US$'000
Trade receivables		
Trade customers	19,457	29,059
GLIT Holdings	25,949	25,858
Outsourced manufacturing suppliers	36,926	30,102
Joint-venture entity	1,325	1,325
Provision for Doubtful Debts	-	-
Trade receivables	**83,657**	**86,344**
Other receivables		
Other receivables	1,941	2,081
Provision for Doubtful Debts	-	(480)
Other receivables	**1,941**	**1,601**
Less:		
Payable to outsourced manufacturing suppliers	(121)	(39)
Payable to GLIT Holdings	-	-
	85,477	**87,906**
Goods and services tax recoverable	1,440	1,549
	86,917	**89,455**

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.

5. Trade and other receivables(cont'd)

Before accepting any new customers, the Group uses an external scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed twice a year. 95% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

Included in the Group's trade receivable balance are debtors with a carrying amount of US$1,101 thousand (2018: $1,235 thousand) which are past due at the reporting date. There has been no significant change in credit quality and all amounts are considered recoverable. The Group does not hold any collateral over these balances.

	Consolidated	
	2019 US$'000	**2018 US$'000**
Ageing of Trade Receivables (trade customers) - past due but not impaired		
30 – 60days	930	515
60 – 90 days	143	552
90 – 120 days	22	1
More than 120 days	6	167
Total	1,101	1,235
Movement in the allowance for trade doubtful debts		
Balance at the beginning of the year	-	613
Charge / (credit) to profit or loss	-	-
Allowance written off during the year	-	(613)
Balance at the end of the year*	-	-
Movement in the allowance for non-trade doubtful debts		
Balance at the beginning of the year	480	480
Charge / (credit) to profit or loss	-	-
Allowance written off during the year	(480)	-
Balance at the end of the year	-	480

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

6. Other assets

	Consolidated	
	2019 US$'000	2018 US$'000
Current		
Prepayments	843	1,330
Non-current		
Prepayment	-	2,555

7. Other financial assets

	Consolidated	
	2019 US$'000	2018 US$'000
Current		
Trade 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	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 FY2019 of US$24 thousand (FY2018: US$24 thousand).

8. Trade and other payables

	Consolidated	
	2019 US$'000	2018 US$'000
Trade payables (i)	15,570	16,028
Other payables	5,494	4,215
Ghim Li Group	20,843	13,462
Due to director	3,658	-
Accruals – employee compensation	2,024	1,649
Accruals – deferred rent	417	536
Accruals – audit fee	117	105
Accruals – TR interest	257	216
Accruals – others	955	1,038
	49,335	**37,249**

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

9. Borrowings

	Consolidated	
	2019 US$'000	2018 US$'000
Secured – at amortised cost		
Current		
Trust receipts (Gross) (i)	49,652	50,802
Bills payable (Gross)	6,575	15,369
Finance lease liabilities	38	39
Bank loan	4,100	1,100
Term loan	3,607	4,412
Total	**63,972**	**71,722**
Non-current		
Finance lease liabilities	117	151
Term loan	6,491	8,403
	6,608	**8,554**
Disclosed in the financial statements as:		
Current borrowings	63,972	71,722
Non-current borrowings	6,608	8,554
	70,580	**80,276**

Summary of borrowing arrangements:

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

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

At 30 June 2019 GLG Corp Ltd had short term financing facilities available of US$133,294 thousand, long-term financing facilities available of US$18,967 thousand and foreign exchange available of US$12,556 thousand. (Short term: US$59,046 thousand was used and US$74,248 thousand was unused. Long-term: US$10,098 thousand was used and US$8,869 thousand was unused. Foreign exchange of US$12,556 thousand was unused). Compared with US$127,652 thousand of short term financing facilities, long-term financing facilities of US$23,538 thousand and forward contract available of US$17,855 thousand at 30 June 2018 (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). GLG believe that it will continue to have the strong support from main bankers for its working capital and capital expenditure requirements.

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

	2019	2018
Bank loans	4.24% p.a.	3.94% p.a.
Term loan	4.83%	4.02%
Trust receipts / Bill payable	3.84%	2.66%
Finance lease liabilities	5.55% p.a.	5.31% p.a.

10. Issued capital

	Consolidated	
	2019 US$'000	2018 US$'000
74,100,000 (2018: 74,100,000) fully paid ordinary shares	**10,322**	**10,322**

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

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

Ordinary shares:

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

	Consolidated		Consolidated	
	No. '000	2019 US$'000	No. '000	2018 US$'000
Fully paid ordinary shares				
Balance at beginning of financial year	74,100	10,322	74,100	10,322
Balance at end of financial year	**74,100**	**10,322**	**74,100**	**10,322**

11. Earnings per share

	Consolidated	
	2019 Cents per share	2018 Cents per share
Basic earnings per share:		
Total basic earnings per share	0.61	3.23
Diluted earnings per share:		
Total diluted earnings per share	0.61	3.23

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:

	2019 US$'000	2018 US$'000
Net profit	455	2,395
Earnings used in the calculation of basic EPS	455	2,395

	2019 No.'000	2018 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

11. Earnings per share (con't)

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

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Net profit	455	2,395
Earnings used in the calculation of diluted EPS	455	2,395

	Consolidated 2019 No.'000	Consolidated 2018 No.'000
Weighted average number of ordinary shares used in the calculation of diluted EPS	74,100	74,100

12. Contingent liabilities

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Contingent liabilities		
Guarantees arising from Letters of credit in force (i)	4,313	9,382
Total	**4,313**	**9,382**

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

13. Property, plant and equipment

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 9.

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 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 2019 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**
Leasehold Property	Sales comparison	Price per square foot	RM27-56 per square foot for land RM30-100 per square foot for building RM = Malaysian Ringgit currency	RM28 per square foot for land RM75 per square foot for building	The higher the price per square foot the higher the fair value

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

- Freehold and leasehold land and buildings - Level 3 (cont'd)

Description	Valuation Approach	Unobservable inputs	Range of inputs	Weighted average	Relationship of unobservable inputs to fair value
Freehold property	Sales comparison	Price per square foot	RM37 to 51 per square foot for land RM40 to 100 per square foot for building RM = Malaysian Ringgit currency	RM50 per square foot for land RM73 per square foot for building	The higher the price per square foot, the higher the fair value

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

Consolidated									
	At Valuation			At Cost					
Cost	**Freehold land and buildings**	**Leasehold land and buildings**	**Sub-total**	**Construction in Progress**	**Plant and machinery**	**Renovation**	**Other assets**	**Motor vehicles**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 July 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 surplus	-	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**
Additions	-	-	-	-	6,754	652	466	14	7,886
Reclassification	4,192	(4,424)	(232)	-	232	128	(128)	-	-
Disposals	-	-	-	-	(38)	(89)	(26)	-	(153)
Transfer	-	-	-	(130)	130	-	-	-	-
Classified as held for sale	-	-	-	(66)	(2,235)	(6,592)	(136)	-	(9,029)
Revaluation surplus	3	129	132	-	-	-	-	-	132
Balance as at 30 June 2019	**5,326**	**9,684**	**15,010**	**-**	**25,224**	**4,075**	**5,739**	**672**	**50,720**

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

Consolidated									
	At Valuation			At Cost					
	Freehold land and buildings	**Leasehold land and buildings**	**Sub-total**	**Construction in Progress**	**Plant and machinery**	**Renovation**	**Other assets**	**Motor vehicles**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation									
Balance as at 1 July 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**
Depreciation expense	-	152	152	-	2,187	562	307	74	3,282
Depreciation on disposals	-	-	-	-	(17)	(30)	(26)	-	(73)
Classified as held for sale	-	-	-	-	(398)	(369)	(66)	-	(833)
Reclassification	-	(70)	(70)	-	70	-	-	-	-
Revaluation surplus	-	(298)	(298)	-	-	-	-	-	(298)
Balance as at 30 June 2019	**-**	**-**	**-**	**-**	**7,758**	**2,910**	**2,716**	**440**	**13,824**
Net book value									
As at 30 June 2018	**1,131**	**13,763**	**14,894**	**196**	**14,465**	**7,229**	**3,062**	**292**	**40,138**
As at 30 June 2019	**5,326**	**9,684**	**15,010**	**-**	**17,466**	**1,165**	**3,023**	**232**	**36,896**

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

14. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
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 Fashion (M) Sdn Bhd	Malaysia	100	100
GG Fashion (Cambodia) Co., Ltd	Cambodia	100	100

15. Investments accounted for using the equity method

Name of entity	Country of incorporation	Principal activity	Ownership interest 2019 %	Ownership interest 2018 %
Jointly controlled entities				
JES Apparel LLC	USA	Importer of knitwear products	**51**	**51**

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

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Financial position:		
Current assets	393	393
Current liabilities	(1,879)	(1,879)
Net assets	(1,486)	(1,486)
Group's share of jointly controlled entity's net assets	(757)	(757)
Financial performance:		
Income	-	-
Expenses	-	-
Total loss for investment in joint venture	-	-
Group's share of jointly controlled entity's losses	-	-

The entity ceased business in 2012 and the consolidated entity's share of losses for 2019 and 2018 was nil. The entity's cumulative unrecognised share of retained losses is US$757 thousand (2018: US$757 thousand).

16. Notes to the cash flow statement

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

	Consolidated	
	2019 US$'000	2018 US$'000
Profit for the year	455	2,395
Depreciation and amortisation of non-current assets	3,282	2,998
Amortisation of intangible assets	26	20
Written off on non-current assets	62	-
Fair value adjustment on investment property (Note 17)	-	(378)
Gain on sales of non-current assets	-	(33)
Loss on written off non-current assets	18	73
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	(1,275)	(6,965)
Trade and other receivables	9,371	(6,302)
Other assets	551	455
Increase/(decrease) in liabilities:		
Trade and other payables	1,047	13,964
Current tax	(364)	97
Deferred tax	245	485
Net cash provided by operating activities	**13,418**	**6,809**

17. Intangible Assets

Consolidated					
Cost	**Software**	**Goodwill**	**Trademark & customers network**	**Others**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 July 2017	**13**	**1,841**	**-**	**-**	**1,854**
Additions	64	-	-	-	64
Balance as at 30 June 2018	**77**	**1,841**	**-**	**-**	**1,918**
Additions	2	-	2,518	407	2,927
Classified as held for sale	(61)	-	-	-	(61)
Balance as at 30 June 2019	**18**	**1,841**	**2,518**	**407**	**4,784**
Accumulated Depreciation					
Balance as at 1 July 2017	**1**	-	-	-	**1**
Additions	20	-	-	-	20
Balance as at 30 June 2018	**21**	**-**	**-**	**-**	**21**
Additions	26	-	-	-	26
Classified as held for sale	(39)	-	-	-	(39)
Balance as at 30 June 2019	**8**	**-**	**-**	**-**	**8**
Net book value					
As at 30 June 2018	**56**	**1,841**	**-**	**-**	**1,897**
As at 30 June 2019	**10**	**1,841**	**2,518**	**407**	**4,776**

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

Goodwill – recognition and measurement
All business combinations are accounted for by applying the acquisition method. Goodwill represent the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired and has an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assessed as part of the Ghim Li Fashion (M) Sdn Bhd CGU as the goodwill originated from this acquisition in FY17. Goodwill is not amortized but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Trademark and customers network
Trademark and customers network are stated as intangible assets in the statement of financial position and amortised on the straight-line method over 10 years.

18. 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	
	2019 US$'000	2018 US$'000
Raw materials	9,516	5,801
Work in progress	5,463	7,743
Goods in transit	1,450	1,743
Consumables	10	5
Stock lot	1,218	667
Finished goods	3,098	3,521
Total	**20,755**	**19,480**

19. Assets and liabilities classified as held for sale

In July 2019, GLG Corp Ltd ("Group") announced the signing of a definitive agreement under which its Singapore subsidiary, Ghim Li Global Pte Ltd will sell its Vietnam subsidiary, G&G Fashion (Vietnam) Co. Ltd ("Vietnam") to Dragon Crowd Garment Inc ("Buyer"). The Buyer will acquire all outstanding shares of Vietnam, excluding certain specified assets and liabilities of the entity, using a combination of US$1.32 million in cash and loan facilities, of short and long-term nature, to settle liabilities of Vietnam.

After the completion of the sale, Vietnam will remain as a supplier to the Group under an outsourcing agreement. There are planned customer orders for Vietnam up until October 2019. Despite this change in ownership, the management and factory operations team will remain the same and the Group will continue to partner with the Buyer and Vietnam through outsourcing agreement as part of our global network of factories.

The assets and liabilities related to Vietnam, were classified as a disposal group held for sale on the consolidated statement of financial position.

Assets and liabilities held for sale

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the consolidated statement of financial position on 30 June 2019:

	G&G Fashion (Vietnam) 2019 US$'000
Plant & Equipment	8,191
Intangible assets	22
Other assets	2,491
Assets held for sale	**10,704**

20. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the consolidated entity in future financial year.