

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
2019

Previous Reporting Period - Half Year Ended 31st
December 2018

1. Highlight of Results
2. Appendix 4D Financial Statements for the Half Year ended
31 December 2019

1. Results for announcement to market

Summary financial information for the company for the six months ended 31st December 2019.
Full financial details are attached to this announcement.

Summary Information	31 –DEC-19 USDS'000	Consolidated		Inc/(Dec) %
		31 –DEC-18 USDS'000	Inc/(Dec) USDS'000	
Revenue from Ordinary Activities	75,159	89,499	(14,340)	(16%)
Profit/(Loss) after Tax from Ordinary Activities	374	1,409	(1,035)	(73%)
Net Profit/(Loss) after Tax Attributable to Members	374	1,409	(1,035)	(73%)
Basic Earnings – US Cents Per Share	0.50	1.90	(1.40)	(74%)
Diluted Earnings – US Cents Per Share	0.50	1.90	(1.40)	(74%)
Net Tangible Assets – US Cents Per Share	39.43	67.34	(27.91)	(41%)

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 revenue decreased by 16% from US\$89.5m to US\$75.2m in the first half of this financial period ended 31 December 2019 ("1HFY2020"). This decrease in revenue was mainly due to the fire outbreak in Cambodia factory resulting in disruption of operation.

Gross profit margin has dipped from 16.1% to 15.2% for 1HFY2020 mainly attributed to rising labour costs in South East Asia.

Selling and distribution costs decreased by 22% to US\$3.2m compared to US\$4.1m in the previous financial period ended 31 December 2018 ("1HFY2019"). This was mainly due to reduction of air freight costs arising from the better control of the production in meeting customers' delivery schedule.

Administration expenses decreased by 11% to US\$6.1m compared to US\$7m in the previous period 2019. This decrease in costs was achieved through cost reduction strategies and streamlining of manpower after offsetting with the increase in depreciation expenses amounted to US\$0.5m from the adoption of AASB 16 Leases (with effect from 1 July 2019), which resulted in the recognition of all leases as non-current assets in the Group's statement of financial position as at 31 December 2019.

Finance costs increased by 17% from US\$1.6m to US\$1.9m in 1HFY2020 compared with the previous corresponding financial period. The increase was mainly attributed to the recognition of 6 months' interest of US\$0.4m computed on the recognition of lease liabilities resulted from the adoption of AASB 16 Lease.

Other expenses increased from US\$0.3m to US\$0.7m in the 1HFY2020 compared with the previous corresponding financial period, due to the realised foreign exchange loss from the weakening of USD.

Net profit after tax for GLG for the half year ended 31 December 2019 was US\$0.4m, which represents decrease of US\$1m or 73% compared to the corresponding period last year of US\$1.4m. Overall, the reduction in the net profit was mainly due to fire outbreak in Cambodia factory and lower revenue generated.

Directors Comments: (cont'd)

Balance Sheet position

Trade and other receivables decreased by 8.4% from US\$86.9m as at 30 June 2019 to US\$79.6m as at 31 December 2019 mainly attributed to the prompt settlement of payment from customers and lower sales.

Inventory increased by about 2.6% to US\$21.3m as at 31 December 2019 compared to US\$20.8m as at 30 June 2019, due to an increase in the inventory of raw materials and work-in-process in the Cambodia factory to support the upcoming orders from customers.

The sale of its Vietnam subsidiary, G&G Fashion (Vietnam) Co. Ltd to Dragon Crowd Garment Inc. has reduced the assets held for sales.

The right-of-use assets of US\$15.7m arose from the adoption of AASB 16 Leases (with effect from 1 July 2019), which resulted in the recognition of all leases as non-current assets in the Group's statement of financial position as at 31 December 2019.

Trade and Others Payable decreased by 20% from US\$49.5m as at 30 June 2019 to US\$39.6m as at 31 December 2019, as a result of complete debts settlement by Vietnam subsidiary upon the completion of its sales.

Current and non-current borrowings increased by 10% from US\$70.6m as at 30 June 2019 to US\$77.7m as at 31 December 2019, as a result of recognition of lease liabilities following the adoption of AASB 16 Lease and increase the borrowing from financial institutions.

Directors Comments: (cont'd)

Cash Flow

Overall, the net cash flow used in operating activities of US\$3.2m was mainly due to lower sales generated in first half of FY2020.

In 1HFY2020, net cash flows from investing activities amounted to US\$10.3m mainly attributed to the disposal of Vietnam subsidiary after offsetting the purchase of ERP system.

Net cash used in financial activities in 1HFY2020 amounted to US\$6.9m, was mainly attributed to the repayments to borrowings after offsetting the proceeds from outsourced manufacturing suppliers.

As a result of the above, there was a net increase of US\$0.3m in cash and cash equivalents for 1HFY2020, from a net cash surplus of US\$5.3m as at 30 June 2019 to a net cash surplus of US\$5.6m as at 31 December 2019.

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

For personal use only