

# **GLG Corp Ltd**

ACN 116 632 958

## **PRELIMINARY FINAL REPORT**

**YEAR ENDED 30 June 2020**

1. Highlight of Results
2. Appendix 4E Financial Statements for the Year ended 30 June 2020

## 1. Results for announcement to market

Summary financial information for the consolidated entity for the 2019/20 financial year is set out below. Full financial details are attached to this announcement.

		<b>Consolidated</b>		
<b>Summary Information</b>	<b>30 –JUN-20 USD\$'000</b>	<b>30 –JUN-19 USD\$'000</b>	<b>Inc/(Dec) USD\$'000</b>	<b>Inc/(Dec) %</b>
Revenue from Ordinary Activities	178,047	175,709	2,338	1.33
Profit/(Loss) after Tax from Ordinary Activities	3,796	455	3,341	734.29
Net Profit/(Loss) after Tax Attributable to Members	3,796	455	3,341	734.29
Basic Earnings – US Cents Per Share	5.12	0.61	4.51	739.34
Diluted Earnings – US Cents Per Share	5.12	0.61	4.51	739.34
Net Tangible Assets – US Cents Per Share	43.88	62.73	(18.85)	30.05

<b>Dividends (Distributions)</b>	<b>As per security – US Cents</b>	<b>Franked amount per security-US cents</b>
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 Audit Pty Ltd.

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 2020 with that of 30 June 2019.

GLG’s sales slightly increased by US\$2.3m or 1.3% from US\$175.7m in the previous year to US\$178.0m in this financial year. This is mainly due to diversification of its business into manufacturing of fabric masks which offset a reduction in regular customer orders due to the impact of Covid-19.

The gross margin also improved to 22% compared to 15.6% in the previous year due to better product mix.

Other income increased from US\$1.0m in the previous financial year to US\$3.2m in this financial year. This is mainly attributed to the gain on disposal of the Vietnam factory and the job support scheme payout by the Singapore government to assist the Company to retain its local employees during this period of economic uncertainty affected by the Covid-19.

Selling and distribution costs decreased by 19% to US\$6.7m compared to US\$8.3m in the previous year, this was mainly due to the postponement of the customers’ orders.

Administrative expenses decreased by 14.1% to US\$11.9m compared to US\$13.9m in the previous financial year. The decrease in costs was achieved through cost reduction strategies and streamlining of manpower after offsetting with the increase in depreciation expenses amounted to US\$1.1m 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 30 June 2020.

Finance costs increased by 10.3% from US\$3.2m to US\$3.5m in the current year compared to previous year. The increase was mainly attributed to the recognition of lease interest of US\$0.7m computed on the recognition of lease liabilities resulted from the adoption of AASB 16 Lease.

Other expenses increased from US\$1.7m to US\$14.9m due to commitment fees payable to outsourced manufacturers, debts written off from a joint venture and outsourced manufacturer.

Net profit after tax for GLG was US\$3.8m, which represented an increase of US\$3.4m compared to the financial year ended 30 June 2019 of US\$0.4m. Overall, the increase was mainly due to higher revenue generated and better cost control.

**Summary commentary on results (cont'd)****Comparison of the Consolidated Statement of Financial Position as at 30 June 2020 with that of 30 June 2019.**

Trade and other receivables decreased by 45.8% from US\$86.9m as at 30 June 2019 to US\$47.1m as at 30 June 2020. The decrease was primarily due to a significant reduction in receivables from outsourced suppliers arising from diversification of its business into manufacturing of fabric masks.

Inventory increased by about 27.0% from US\$20.8m as at 30 June 2019 to US\$26.3m as at 30 June 2020. This is mainly attributed to an increase in the inventory of raw materials and work-in-process in the factories arising from the postponement of 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.

Property, plant and equipment decreased by 4.7% to US\$33.1m as at 30 June 2020, due to depreciation expense recorded.

Intangible assets decreased by 7.2% from US\$6.9m as at 30 June 2019 to US\$6.4m as at 30 June 2020 due to amortisation expense recorded.

The right-of-use assets of US\$14.7m 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 30 June 2020.

Trade and Others Payable decreased by 48.3% from US\$49.3m as at 30 June 2019 to US\$25.5m as at 30 June 2020, as a result of complete debts settlement by Vietnam subsidiary upon the completion of its sales and settlement of due to payables and a net reduction in payables owed to Ghim Li Group.

Current and non-current borrowings decreased by 35.7% from US\$70.6m as at 30 June 2019 to US\$45.4m as at 30 June 2020, the decrease was largely due to a decline in trust receipts and bills payables.

**Summary commentary on results (cont'd)**

**Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2020 with that of 30 June 2019.**

Overall, the net cash flow used in operating activities of US\$5.1m was mainly due to prompt settlement of payables.

Net cash flows from investing activities amounted to US\$8.7m mainly attributed to the disposal of Vietnam subsidiary after offsetting the purchase of ERP system.

Net cash used in financial activities amounted to US\$11.6m, was mainly attributed to the repayments to borrowings after offsetting the proceeds from outsourced manufacturing suppliers and full repayment of advance from key management personnel.

As a result of the above, there was a net increase of US\$2.3m in cash and cash equivalents for financial year ended 30 June 2020, from a net cash surplus of US\$5.3m as at 30 June 2019 to a net cash surplus of US\$7.6m as at 30 June 2020.

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

## Consolidated Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2020

	Note	Consolidated	
		2020 US\$'000	2019 US\$'000
Revenue	4	178,047	175,709
Cost of sales		(138,892)	(148,267)
<b>Gross profit</b>		<b>39,155</b>	<b>27,442</b>
Other income	4	3,170	1,031
Distribution expenses		(6,739)	(8,315)
Administration expenses		(11,909)	(13,867)
Finance costs		(3,504)	(3,178)
Other expenses		(14,950)	(1,675)
<b>Profit before income tax expense</b>		<b>5,223</b>	<b>1,438</b>
Income tax expense		(1,427)	(983)
<b>Profit for the year</b>		<b>3,796</b>	<b>455</b>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation (deficit)/ surplus, on land and building, net of tax		(1,438)	431
<b>Other comprehensive income, net of tax</b>		<b>(1,438)</b>	<b>431</b>
<b>Total comprehensive income for the year</b>		<b>2,358</b>	<b>886</b>
<b>Earnings per share:</b>			
Basic (cents per share)	11	5.12	0.61
Diluted (cents per share)	11	5.12	0.61

Notes to the financial statements are included on pages 10 to 33

## Consolidated Statement of financial position as at 30 June 2020

	Note	Consolidated	
		2020 US\$'000	2019 US\$'000
<b>Current assets</b>			
Cash and cash equivalents		7,614	5,304
Trade and other receivables	5	47,098	86,917
Inventory	18	26,352	20,755
Other assets		1,855	843
Other financial assets	7	-	344
Assets held for sale	19	-	10,704
<b>Total current assets</b>		<b>82,919</b>	<b>124,867</b>
<b>Non-current assets</b>			
Other financial assets	7	6,871	6,871
Investments accounted for using the equity method	15	-	-
Intangible assets	17	6,409	6,908
Right-of-use assets	6	14,694	-
Property, plant and equipment	13	33,123	34,764
<b>Total non-current assets</b>		<b>61,097</b>	<b>48,543</b>
<b>Total assets</b>		<b>144,016</b>	<b>173,410</b>
<b>Current liabilities</b>			
Trade and other payables	8	25,508	49,335
Borrowings	9	42,148	63,972
Lease liability	6	1,875	-
Current tax liabilities		1,369	427
<b>Total current liabilities</b>		<b>70,900</b>	<b>113,734</b>
<b>Non-current liabilities</b>			
Borrowings	9	3,230	6,608
Lease liability	6	13,520	-
Deferred tax liabilities		2,747	1,807
<b>Total non-current liabilities</b>		<b>19,497</b>	<b>8,415</b>
<b>Total liabilities</b>		<b>90,397</b>	<b>122,149</b>
<b>Net assets</b>		<b>53,619</b>	<b>51,261</b>
<b>Equity</b>			
Issued capital	10	10,322	10,322
Revaluation reserves		3,478	4,916
Merger reserves		(14,812)	(14,812)
Retained earnings		54,631	50,835
<b>Total equity</b>		<b>53,619</b>	<b>51,261</b>

Notes to the financial statements are included on pages 10 to 33

## Consolidated Statement of changes in equity for the financial year ended 30 June 2020

	Issued Capital	Asset Revaluation Reserve	Merger Reserve	Retained Earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Consolidated</b>					
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
<b>Balance at 30 June 2019</b>	<b>10,322</b>	<b>4,916</b>	<b>(14,812)</b>	<b>50,835</b>	<b>51,261</b>
Balance at 1 July 2019	10,322	4,916	(14,812)	50,835	51,261
Profit after income tax expense	-	-	-	3,796	3,796
Other comprehensive income for the year, net of tax	-	(1,438)	-	-	(1,438)
Total comprehensive income	-	(1,438)	-	3,796	2,358
<b>Balance at 30 June 2020</b>	<b>10,322</b>	<b>3,478</b>	<b>(14,812)</b>	<b>54,631</b>	<b>53,619</b>

Notes to the financial statements are included on pages 10 to 33



## Consolidated Statement of cash flows for the financial year ended 30 June 2020

	Note	Consolidated	
		2020 US\$'000	2019 US\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		180,022	186,103
Payments to suppliers and employees		(171,127)	(168,848)
Interest income		3	7
Interest and other costs of finance paid		(2,415)	(2,743)
Interest paid on lease liabilities		(685)	-
Income tax paid		(642)	(1,101)
<b>Net cash provided by operating activities</b>	16	<b>5,156</b>	<b>13,418</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,968)	(7,880)
Disposal of property, plant and equipment		10,682	-
Disposal of software		21	-
Purchase of software		(3)	(2,927)
<b>Net cash from/ (used in) investing activities</b>		<b>8,732</b>	<b>(10,807)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(25,202)	(9,696)
Repayments of lease liability		(1,715)	-
(Repayments to)/Proceeds from Ghim Li Group		(10,415)	7,381
(Repayment of)/ Advance from key management personnel		(3,658)	3,658
Proceeds from/(Payments to) outsourced manufacturing suppliers		29,412	(6,833)
<b>Net cash used in financing activities</b>		<b>(11,578)</b>	<b>(5,490)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>2,310</b>	<b>(2,879)</b>
Cash and cash equivalents at the beginning of the financial year		5,304	8,183
<b>Cash and cash equivalents at the end of the financial year</b>		<b>7,614</b>	<b>5,304</b>

Notes to the financial statements are included on pages 10 to 33

## 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 12, 225 George St  
Sydney, NSW, 2000  
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 2019 and any public announcement 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 2019 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 million 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 2019 annual financial report for the financial year ended 30 June 2019, 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. Software of \$2.1m has been reclassified from property, plant and equipment to intangible assets as this was deemed to be more presentable.

## 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
- Contingent consideration - Level 3

There were no transfers between levels during the period.

- *Valuations of land and buildings and investment properties*
- Freehold and leasehold land and building, along with investment properties have been valued based on similar assets, location and market conditions at fair value on an annual basis.

## 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 financial year ended 30 June 2020.

#### *AASB16 – Leases*

The group adopted AASB 16 leases as of 1 July 2019.

The adoption of this new Standard has resulted in the Group recognising a right-of-use assets and related lease liability in connection with all non-cancellable operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach. Therefore, no restatement has been recognised.

The Group leases business premises with typically for a fixed period of 5 years to 10 years and may include extension options. From 1 July 2019 leases are recognised as a right of use asset and a corresponding liability at the date at which the lease is available for use by the Group. Assets and liabilities are measured on a present value basis.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease. Where a rate cannot be readily determined from the lease (generally the case) then the lessee's incremental borrowing rate will be used, being the rate the lessee would have to pay to borrow the funds to obtain the equivalent asset.

Right of use assets are depreciated on a straight-line basis over the term of the lease.

Payment associated with short term leases (with a term less than 12 months), and leases of low value (less than US\$5,000) are recognised on a straight-line basis as an expense in the profit & loss.

The impact of AASB 16 has been detailed within Note 6.

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.

	Fabric Manufacturing	Garment	Intersegment Eliminations	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Consolidated – 30 June 2020</b>				
<b>Revenue</b>				
Sales to external customers	1,478	176,569	-	178,047
Intersegment sales	51,478	33	(51,511)	-
<b>Total revenue</b>	<b>52,956</b>	<b>176,602</b>	<b>(51,511)</b>	<b>178,047</b>
Interest revenue	1	2	-	3
Depreciation and amortisation	2,205	3,529	-	5,734
<b>EBIT</b>	<b>6,655</b>	<b>2,072</b>	<b>-</b>	<b>8,727</b>
Finance costs				(3,504)
<b>Profit before income tax expense</b>				<b>5,223</b>
Income tax expense				(1,427)
<b>Profit after income tax expenses</b>				<b>3,796</b>

### 3. Segment information (cont'd)

Consolidated – 30 June 2019	Fabric Manufacturing US\$'000	Garment US\$'000	Intersegment Eliminations US\$'000	Total US\$'000
<b>Revenue</b>				
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
<b>EBIT</b>	<b>3,948</b>	<b>668</b>	<b>-</b>	<b>4,616</b>
Finance costs				(3,178)
<b>Profit before income tax expense</b>				1,438
Income tax expense				(983)
<b>Profit after income tax expenses</b>				<b>455</b>

### 3. Segment information (cont'd)

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

	<b>Fabric</b>	
	<b>2020 US\$'000</b>	<b>2019 US\$'000</b>
Cambodia	482	336
India	202	216
Madagascar	-	-
Malaysia	125	175
Myanmar	599	-
Singapore	70	-
	<b>1,478</b>	<b>727</b>

	<b>Garments</b>	
	<b>2020 US\$'000</b>	<b>2019 US\$'000</b>
Canada	15,427	32,993
China	-	77
Europe	529	824
Japan	60	333
Singapore	44,813	177
USA	113,339	140,239
Cambodia	667	195
Vietnam	265	39
Others	1,469	105
	<b>176,569</b>	<b>174,982</b>



#### 4. Revenue

	Consolidated	
	2020 US\$'000	2019 US\$'000
Revenue from the sale of goods	178,047	175,709
<b>Other income</b>		
Sample income	39	68
Interest income	3	7
Insurance compensation	431	500
Payable written back	298	334
Gain on disposal of subsidiary	1,320	-
Government Grant	408	-
Other	671	122
<b>Total other income</b>	<b>3,170</b>	<b>1,031</b>
	<b>181,217</b>	<b>176,740</b>

#### 5. Trade and other receivables

	Consolidated	
	2020 US\$'000	2019 US\$'000
<b>Trade receivables</b>		
Trade customers	22,235	19,457
GLIT Holdings	6,406	25,949
Outsourced manufacturing suppliers	18,407	36,926
Joint-venture entity	-	1,325
Provision for Doubtful Debts	(43)	-
<b>Trade receivables</b>	<b>47,005</b>	<b>83,657</b>
<b>Other receivables</b>		
Other receivables	1,564	1,941
Provision for Doubtful Debts	-	-
<b>Other receivables</b>	<b>1,564</b>	<b>1,941</b>
Less:		
Payable to GLIT Holdings	(1,021)	-
Payable to outsourced manufacturing suppliers	(450)	(121)
	<b>47,098</b>	<b>85,477</b>
Goods and services tax recoverable	-	1,440
	<b>47,098</b>	<b>86,917</b>

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. 93% 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\$1.7m (2019: \$1.1m) 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.

### Ageing of Trade Receivables (trade customers) - past due but not impaired

	Consolidated	
	2020 US\$'000	2019 US\$'000
30 – 60days	985	930
60 – 90 days	322	143
90 – 120 days	100	22
More than 120 days	257	6
Total	1,664	1,101

### Movement in the allowance for expected credit loss

Balance at the beginning of the year	-	-
Charge / (credit) to profit or loss	43	-
Allowance written off during the year	-	-
Balance at the end of the year*	43	-

### Movement in the allowance for non-trade doubtful debts

Balance at the beginning of the year	-	480
Allowance written off during the year	-	(480)
Balance at the end of the year	-	-

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. Adoption of AASB 16 – Leases

### *Transition approach*

The Group has adopted AASB 16 using the simplified transition approach and has not restated comparative amounts. The Group has measured its lease liabilities at the present value of the remaining lease payments, discounted using the appropriate incremental borrowing rate as of 1 July 2019. The associated right-of-use-assets were recognised as of 1 July 2019 as an amount equal to the lease liability, using the prevailing incremental borrowing rate at 1 July 2019, adjusted for any prepaid or accrued lease payments relating to that lease which were recognised in the statement of financial position immediately before 1 July 2019.

### *Adjustments recognised on adoption of AASB 16*

Adjustments to the Statement of Financial Position at 1 July 2019

	30 June 2019	Adjustments	1 July 2019
	US\$'000	US\$'000	US\$'000
Right-of-use-assets	-	16,693	16,693
Accrued lease payments (AASB 117)	419	(419)	-
Lease liabilities	-	17,112	17,112
			Consolidated
			30 June 2020
			US\$'000
<b>Assets</b>			
Right of use assets (AASB 16)			14,694
<b>Liabilities</b>			
Lease Liabilities - current (AASB 16)			1,875
Lease Liabilities – non-current (AASB 16)			13,520
			15,395
Interest expense charged for the period			685
<b>Reconciliation of right-of-use-assets</b>			US\$'000
<i>Right-of-use-assets recognised upon transition</i>			
<b>Balance at 1 July 2019</b>			16,693
Right-of-use-assets through business combination			-
Lease arrangements entered into during the period			-
Amortisation expense			(1,999)
<b>Balance at 30 June 2020</b>			14,694
<b>Reconciliation of Lease Liability</b>			US\$'000
<i>Lease liability recognised upon transition</i>			
<b>Balance at 1 July 2019</b>			17,112
Lease liability recognised through business combination			-
Lease arrangements entered into during the period			-
Interest expense			685
Cash payments			(2,402)
<b>Balance at 30 June 2020</b>			15,395

Lease	Location	Term	Interest rate
Head office	Singapore	10years + 5years option (01 Jan 2013 to 31 Dec 2027)	4.26%
Intrasource	Malaysia	3 years (01 Jan 2020 to 31 Dec 2022)	4.75%
Factory	Cambodia	5years + 5years option (01 Mar 2018 to 28 Feb 2028)	4.26%
Factory	Cambodia	5years + 5years option (01 Apr 2018 to 31 Mar 2028)	4.26%

## 6. Adoption of AASB 16 – Leases

### *Accounting policies in relation to AASB 16*

#### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 7. Other financial assets

	Consolidated	
	2020 US\$'000	2019 US\$'000
<b>Current</b>		
Trade receivables – External party (i)	-	368
Provision for Bad Debts	-	(24)
<b>Total Current other financial assets</b>	<b>-</b>	<b>344</b>
<b>Non-current</b>		
Security deposit	5,000	5,000
Office rental deposit	1,871	1,871
	<b>6,871</b>	<b>6,871</b>
Disclosed in the financial statements as :		
<b>Total Non-current other financial assets</b>	<b>6,871</b>	<b>6,871</b>

(i) The current trade receivable owed by third party has a provision for non-recovery in FY2020 of US\$nil (FY2019: US\$24 thousand).

## 8. Trade and other payables

	Consolidated	
	2020 US\$'000	2019 US\$'000
Trade payables (i)	8,153	15,570
Other payables	3,645	5,494
Ghim Li Group	17,908	20,843
Due to director	-	3,658
Accruals – employee compensation	2,469	2,024
Accruals – deferred rent	-	417
Accruals – audit fee	104	117
Accruals – TR interest	116	257
Accruals – others	593	955
	<b>32,988</b>	<b>49,335</b>
Less:		
Receivables from Ghim Li Group	(7,480)	-
	<b>25,508</b>	<b>49,335</b>

- (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.
- (ii) This payable due to Ghim Li Group (majority shareholder of GLG) is the outstanding amount of US\$13.3m owed by GLG for the purchase consideration payable for the acquisition of Maxim entities in December 2016, a loan from Ghim Li Group to GLG of US\$4.6m and receivables of US\$7.5m from Maxim SG to Ghim Li Group as at 30 June 2020.

## 9. Borrowings

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b><u>Secured – at amortised cost</u></b>		
<b><u>Current</u></b>		
Trust receipts (Gross) (i)	35,641	49,652
Bills payable (Gross)	145	6,575
Finance lease liabilities	39	38
Bank loan	4,938	4,100
Term loan	1,385	3,607
<b>Total</b>	<b>42,148</b>	<b>63,972</b>
<b><u>Non-current</u></b>		
Finance lease liabilities	93	117
Bank loan	350	-
Term loan	2,787	6,491
	<b>3,230</b>	<b>6,608</b>
Disclosed in the financial statements as:		
Current borrowings	42,148	63,972
Non-current borrowings	3,230	6,608
	<b>45,378</b>	<b>70,580</b>

### 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 2020 GLG Corp Ltd had short term financing facilities available of US\$129.1m, long-term financing facilities available of US\$5.7m and foreign exchange available of US\$12.1m. (Short term: US\$44.1m was used and US\$85.0m was unused. Long-term: US\$4.2m was used and US\$1.5m was unused. Foreign exchange of US\$12.1m was unused). Compared with US\$133.3m of short term financing facilities, long-term financing facilities of US\$19m and forward contract available of US\$12.6m at 30 June 2019 (Short term: US\$59.0m was used and US\$74.3m was unused. Long-term: US\$10.1m was used and US\$8.9m was unused. Foreign exchange of US\$12.6m 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:

	<b>2020</b>	<b>2019</b>
Bank loans	4.45% p.a.	4.24% p.a.
Term loan	4.76%	4.83%
Trust receipts / Bill payable	3.51%	3.84%
Finance lease liabilities	5.53% p.a.	5.55% p.a.

## 10. Issued capital

	Consolidated	
	2020 US\$'000	2019 US\$'000
<b>74,100,000 (2019: 74,100,000) fully paid ordinary shares</b>	<b>10,322</b>	<b>10,322</b>

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	2020 US\$'000	No. '000	2019 US\$'000
<b>Fully paid ordinary shares</b>				
Balance at beginning of financial year	74,100	10,322	74,100	10,322
<b>Balance at end of financial year</b>	<b>74,100</b>	<b>10,322</b>	<b>74,100</b>	<b>10,322</b>

## 11. Earnings per share

	Consolidated	
	2020 Cents per share	2019 Cents per share
<b>Basic earnings per share:</b>		
Total basic earnings per share	5.12	0.61
<b>Diluted earnings per share:</b>		
Total diluted earnings per share	5.12	0.61

### 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:

	2020 US\$'000	2019 US\$'000
Net profit	3,796	455
Earnings used in the calculation of basic EPS	3,796	455
	2020 No.'000	2019 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

## 11. Earnings per share (cond't)

### Diluted earnings per share

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

	Consolidated	
	2020 US\$'000	2019 US\$'000
Net profit	3,796	455
Earnings used in the calculation of diluted EPS	3,796	455

	Consolidated	
	2020 No.'000	2019 No.'000
Weighted average number of ordinary shares used in the calculation of diluted EPS	74,100	74,100

## 12. Contingent liabilities

	Consolidated	
	2020 US\$'000	2019 US\$'000
<b>Contingent liabilities</b>		
Guarantees arising from Letters of credit in force (i)	2,066	4,313
<b>Total</b>	<b>2,066</b>	<b>4,313</b>

- (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 2020 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	RM27-65 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	<p>RM37 to 61 per square foot for land</p> <p>RM40 to 100 per square foot for building</p> <p>RM = Malaysian Ringgit currency</p>	<p>RM50 per square foot for land</p> <p>RM73 per square foot for building</p>	The higher the price per square foot, the higher the fair value

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

Consolidated									
Cost	At Valuation			At Cost					Total
	Freehold land and buildings	Leasehold land and buildings	Sub-total	Construction in Progress	Plant and machinery	Renovation	Other assets	Motor vehicles	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 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	(2,260)	-	(2,132)
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
<b>Balance as at 30 June 2019</b>	<b>5,326</b>	<b>9,684</b>	<b>15,010</b>	<b>-</b>	<b>25,224</b>	<b>4,075</b>	<b>3,607</b>	<b>672</b>	<b>48,588</b>
Additions	-	-	-	-	1,574	191	193	30	1,988
Disposals	-	-	-	-	(70)	(32)	-	-	(102)
Revaluation deficit	-	(341)	(341)	-	-	-	-	-	(341)
<b>Balance as at 30 June 2020</b>	<b>5,326</b>	<b>9,343</b>	<b>14,669</b>	<b>-</b>	<b>26,728</b>	<b>4,234</b>	<b>3,800</b>	<b>702</b>	<b>50,133</b>

## 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
<b>Accumulated depreciation</b>									
Balance as at 1 July 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)
<b>Balance as at 30 June 2019</b>	-	-	-	-	7,758	2,910	2,716	440	13,824
Depreciation expense	-	-	-	-	2,494	400	262	77	3,233
Depreciation on disposals	-	-	-	-	(34)	(13)	-	-	(47)
Revaluation surplus	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2020</b>	-	-	-	-	10,218	3,297	2,978	517	17,010
<b>Net book value</b>									
<b>As at 30 June 2019</b>	5,326	9,684	15,010	-	17,466	1,165	891	232	34,764
<b>As at 30 June 2020</b>	5,326	9,343	14,669	-	16,510	937	822	185	33,123

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

## 14. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest	
		2020 %	2019 %
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
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

- Disposal during the financial year

## 15. Investments accounted for using the equity method

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2020 %	2019 %
<b>Jointly controlled entities</b>				
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	
	2020 US\$'000	2019 US\$'000
<b>Financial position:</b>		
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)
<b>Financial performance:</b>		
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 2020 and 2019 was nil.  
The entity's cumulative unrecognised share of retained losses is US\$0.8m (2019: US\$0.8m).

## 16. Notes to the cash flow statement

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

	Consolidated	
	2020 US\$'000	2019 US\$'000
Profit for the year	3,796	455
Depreciation of property, plant and equipment	3,233	3,282
Amortisation of intangible assets	502	26
Amortisation of right on use assets	1,999	-
Written off on non-current assets	-	62
Bad and doubtful debts	11,943	-
Impairment on inventories	2,890	-
Loss on written off non-current assets	35	18
<b>Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:</b>		
(Increase)/decrease in assets:		
Inventories	(8,486)	(1,275)
Trade and other receivables	(1,193)	9,371
Other assets	(1,012)	551
Increase/(decrease) in liabilities:		
Trade and other payables	(9,336)	1,047
Current tax	942	(364)
Deferred tax	(157)	245
<b>Net cash provided by operating activities</b>	<b>5,156</b>	<b>13,418</b>

## 17. Intangible Assets

<b>Consolidated</b>					
<b>Cost</b>	<b>Software</b>	<b>Goodwill</b>	<b>Trademark &amp; customers network</b>	<b>Others</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2018	77	1,841	-	-	1,918
Additions	2	-	2,518	407	2,927
Reclassification	2,132	-	-	-	2,132
Classified as held for sale	(61)	-	-	-	(61)
<b>Balance as at 30 June 2019</b>	<b>2,150</b>	<b>1,841</b>	<b>2,518</b>	<b>407</b>	<b>6,916</b>
Additions	3	-	-	-	3
<b>Balance as at 30 June 2020</b>	<b>2,153</b>	<b>1,841</b>	<b>2,518</b>	<b>407</b>	<b>6,919</b>
<b>Accumulated Depreciation</b>					
Balance as at 1 July 2018	21	-	-	-	21
Amortisation	26	-	-	-	26
Classified as held for sale	(39)	-	-	-	(39)
<b>Balance as at 30 June 2019</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>
Additions	114	-	252	136	502
<b>Balance as at 30 June 2020</b>	<b>122</b>	<b>-</b>	<b>252</b>	<b>136</b>	<b>510</b>
<b>Net book value</b>					
<b>As at 30 June 2019</b>	<b>2,142</b>	<b>1,841</b>	<b>2,518</b>	<b>407</b>	<b>6,908</b>
<b>As at 30 June 2020</b>	<b>2,031</b>	<b>1,841</b>	<b>2,266</b>	<b>271</b>	<b>6,409</b>

### *Software*

Computer software is stated as intangible assets in the statement of financial position and amortised on the straight-line method over 3 - 10 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	
	2020 US\$'000	2019 US\$'000
Raw materials	8,042	9,516
Work in progress	10,936	5,463
Goods in transit	2,124	1,450
Consumables	4	10
Stock lot	1,209	1,218
Finished goods	6,927	3,098
Provision of obsolescence stock	(2,890)	-
<b>Total</b>	<b>26,352</b>	<b>20,755</b>



## 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
<b>Assets held for sale</b>	<b>10,704</b>
Term loan	998
<b>Liabilities held for sale</b>	<b>998</b>

The transaction fully completed during the financial year ended 30 June 2020

## 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.