# GLG Corp Ltd

*ACN 116 632 958*

**PRELIMINARY FINAL REPORT**

**YEAR ENDED 30 June 2021**

1. Highlight of Results

2. Appendix 4E Financial Statements for the Year ended 30 June 2021

## 1. Results for announcement to market

Summary financial information for the consolidated entity for the 2020/21 financial year is set out below. Full financial details are attached to this announcement.

| | | Consolidated | | |
|---|---|---|---|---|
| **Summary Information** | **30 –JUN-21 USD$'000** | **30 –JUN-20 USD$'000** | **Inc/(Dec) USD$'000** | **Inc/(Dec) %** |
| Revenue from Ordinary Activities | 183,804 | 178,047 | 5,757 | 3.23 |
| Profit/(Loss) after Tax from Ordinary Activities | 2,261 | 3,796 | (1,535) | (40.44) |
| Net Profit/(Loss) after Tax Attributable to Members | 2,261 | 3,796 | (1,535) | (40.44) |
| Basic Earnings – US Cents Per Share | 3.05 | 5.12 | (2.07) | (40.43) |
| Diluted Earnings – US Cents Per Share | 3.05 | 5.12 | (2.07) | (40.43) |
| Net Tangible Assets – US Cents Per Share | 50.87 | 43.88 | 6.99 | 15.93 |

| **Dividends (Distributions)** | **As per security – US Cents** | **Unfranked amount per security-US cents** | **Record date** | **Payment date** |
|---|---|---|---|---|
| Interim ordinary unfranked dividend | 1.00 | 1.00 | 26 March 2021 | 15 April 2021 |
| Proposed Final ordinary unfranked Dividend | 1.00 | 1.00 | 20 September 2021 | 18 October 2021 |
| Total unfranked dividend | 2.00 | 2.00 | | |

The financial effect of the final ordinary unfranked dividends has not been brought to account in the financial statements for the year ended 30 June 2021 and will be recognised in the subsequent financial period.

**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 2021 with that of 30 June 2020.**

GLG's sales increased by US$5.8m or 3.2% from US$178.0m in the previous year to US$183.8m in this financial year. This is mainly due to reinstatement orders from existing garment customers and growth in athleisure programs.

The gross margin weakened from 22% in the previous year to 18% in this financial year, mainly due to increase in yarn price and our need to support long running core annual programs.

Selling and distribution costs increased by 34.8% from US$6.7m in the previous year to US$9.1m in this financial year. This was mainly due to duty and freight cost incurred on reinstatement of sales from postponed Land-Duty Paid customers' orders, increase in global freight rates and customs duties incurred by the subsidiaries.

Administrative expenses slightly decreased by 1.6% to US$11.7m compared to US$11.9m in the previous financial year. The decrease in costs was achieved through streamlining of manpower.

Finance costs decreased by 48.3% from US$3.5m in the previous year to US$1.8m in this financial year. The decrease was mainly due to lower interest rate and better cash management on invoice financing.

Other expenses decreased by 34.8% from US$15.0m to US$9.7m due to reduction in debts written off on outsource manufacturer and a joint-venture in the previous year.

Net profit after tax for GLG was US$2.3m, which represented a decrease of US$1.5m compared to the financial year ended 30 June 2020 of US$3.8m. Overall, the decrease was mainly due to lower gross margin generated in this financial year.

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

**Comparison of the Consolidated Statement of Financial Position as at 30 June 2021 with that of 30 June 2020.**

Trade and other receivables decreased by 27.9% from US$47.1m as at 30 June 2020 to US$34.0m as at 30 June 2021. The decrease was primarily due to the prompt settlement of payment from customers and partial write-off debts due from outsourced manufacturer.

Inventory increased by about 30.3% from US$26.4m as at 30 June 2020 to US$34.3m as at 30 June 2021. This was mainly attributed to an increase in the inventory of raw materials in the factories arising from yarn price increase and the need to purchase yarn and fabric in advance to meet the deliveries of customers' orders amidst yarn price increases and sporadic country lockdowns affecting supply chain.

The right-of-use assets decreased by 13.3% from US$14.7m as at 30 June 2020 to US$12.7m as at 30 June 2021 mainly due to the amortised value of leases recognised as non-current assets in the Group's statement of financial position as at 30 June 2021.

The intangible assets decreased by 22.6% from US$6.4m as at 30 June 2020 to US$5.0m as at 30 June 2021 mainly due to the goodwill impairment of US$0.8m of a subsidiary.

Current and non-current borrowings increased by 19.6% from US$45.4m as at 30 June 2020 to US$54.3m as at 30 June 2021, as a result of increase in trust receipts to meet the increase orders from buyers and advance purchases of yarn and fabric.

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

Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2021 with that of 30 June 2020.

Overall, the net cash flow generated from operating activities of US$20.1m, this was mainly due to high revenue and prompt settlement from customers.

Net cash flows used in investing activities amounted to US$3.5m mainly due to investment in new machineries in fabric factory to increase the productivity and order requirements.

Net cash used in financial activities amounted to US$1.9m, was mainly attributed to the repayments to Ghim Li Group Pte Ltd for the Maxim's acquisition amounted to US$8.2m and net off against the proceeds from bank's borrowings amounted to US$8.9m.

As a result of the above, there was a net increase of US$14.7m in cash and cash equivalents for financial year ended 30 June 2020, from a net cash surplus of US$7.6m as at 30 June 2020 to a net cash surplus of US$22.3m as at 30 June 2021.

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 2021

| | Note | Consolidated 2021 US$'000 | 2020 US$'000 |
|---|---|---|---|
| Revenue | 4 | 183,804 | 178,047 |
| Cost of sales | | (150,712) | (138,892) |
| **Gross profit** | | **33,092** | **39,155** |
| Other income | 4 | 3,151 | 3,170 |
| Distribution expenses | | (9,083) | (6,739) |
| Administration expenses | | (11,715) | (11,909) |
| Finance costs | | (1,813) | (3,504) |
| Other expenses | | (9,742) | (14,950) |
| **Profit before income tax expense** | | **3,890** | **5,223** |
| Income tax expense | | (1,629) | (1,427) |
| **Profit for the year** | | **2,261** | **3,796** |
| Other comprehensive income: | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Revaluation surplus/(deficit), on land and building, net of tax | | 267 | (1,438) |
| **Other comprehensive income, net of tax** | | **267** | **(1,438)** |
| **Total comprehensive income for the year** | | **2,528** | **2,358** |
| | | | |
| **Earnings per share:** | | | |
| Basic (cents per share) | 11 | 3.05 | 5.12 |
| Diluted (cents per share) | 11 | 3.05 | 5.12 |

Notes to the financial statements are included on pages 10 to 31

# Consolidated Statement of financial position as at 30 June 2021

| | Note | Consolidated 2021 US$'000 | Consolidated 2020 US$'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 22,280 | 7,614 |
| Trade and other receivables | 5 | 33,966 | 47,098 |
| Inventory | 17 | 34,338 | 26,352 |
| Other assets | | 1,671 | 1,855 |
| **Total current assets** | | **92,255** | **82,919** |
| | | | |
| **Non-current assets** | | | |
| Other financial assets | 7 | 8,871 | 6,871 |
| Intangible assets | 16 | 4,963 | 6,409 |
| Right-of-use assets | 6 | 12,746 | 14,694 |
| Property, plant and equipment | 13 | 32,296 | 33,123 |
| **Total non-current assets** | | **58,876** | **61,097** |
| **Total assets** | | **151,131** | **144,016** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 | 24,070 | 25,508 |
| Borrowings | 9 | 49,621 | 42,148 |
| Lease liability | 6 | 1,981 | 1,875 |
| Current tax liabilities | | 635 | 1,369 |
| **Total current liabilities** | | **76,307** | **70,900** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 9 | 4,646 | 3,230 |
| Lease liability | 6 | 11,683 | 13,520 |
| Deferred tax liabilities | | 3,089 | 2,747 |
| **Total non-current liabilities** | | **19,418** | **19,497** |
| **Total liabilities** | | **95,725** | **90,397** |
| **Net assets** | | **55,406** | **53,619** |
| | | | |
| **Equity** | | | |
| Issued capital | 10 | 10,322 | 10,322 |
| Revaluation reserves | | 3,745 | 3,478 |
| Merger reserves | | (14,812) | (14,812) |
| Retained earnings | | 56,151 | 54,631 |
| **Total equity** | | **55,406** | **53,619** |

Notes to the financial statements are included on pages 10 to 31

# Consolidated Statement of changes in equity for the financial year ended 30 June 2021

| | Issued Capital | Asset Revaluation Reserve | Merger Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Consolidated** | | | | | |
| 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** |
| **Balance at 30 June 2020** | **10,322** | **3,478** | **(14,812)** | **54,631** | **53,619** |
| | | | | | |
| Balance at 1 July 2020 | 10,322 | 3,478 | (14,812) | 54,631 | 53,619 |
| Dividend declared | - | - | - | (741) | (741) |
| Profit after income tax expense | - | - | - | 2,261 | 2,261 |
| Other comprehensive income for the year, net of tax | - | 267 | - | - | 267 |
| Total comprehensive income | **-** | **267** | **-** | **2,261** | **2,528** |
| **Balance at 30 June 2021** | **10,322** | **3,745** | **(14,812)** | **56,151** | **55,406** |

Notes to the financial statements are included on pages 10 to 31

# Consolidated Statement of cash flows for the financial year ended 30 June 2021

| | Note | Consolidated 2021 US$'000 | 2020 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 191,737 | 178,702 |
| Receipts from insurance compensation | | 2,517 | - |
| Payments to suppliers and employees | | (164,678) | (171,127) |
| Net (Payments to)/ proceeds from outsourced manufacturing suppliers | | (3,395) | 29,412 |
| Interest income | | 20 | 3 |
| Interest and other costs of finance paid | | (885) | (2,415) |
| Interest paid on lease liabilities | | (624) | (685) |
| Income tax paid | | (2,106) | (642) |
| **Net cash provided by operating activities** | 15 | **20,069** | **33,248** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (3,492) | (1,968) |
| Disposal of property, plant and equipment | | 21 | 10,682 |
| Disposal of software | | - | 21 |
| Purchase of software | | - | (3) |
| Disposal of subsidiary | | - | 1,320 |
| **Net cash (used in)/ from investing activities** | | **(3,471)** | **10,054** |
| | | | |
| **Cash flows from financing activities** | | | |
| Net Proceeds from/ (Repayment of) borrowings | | 8,889 | (25,202) |
| Repayments of lease liability | | (1,908) | (1,717) |
| Repayments to Ghim Li Group | | (8,177) | (10,415) |
| Repayments to key management personnel | | - | (3,658) |
| Dividend paid | | (736) | - |
| **Net cash used in financing activities** | | **(1,932)** | **(40,992)** |
| **Net increase in cash and cash equivalents** | | **14,666** | **2,310** |
| | | | |
| Cash and cash equivalents at the beginning of the financial year | | 7,614 | 5,304 |
| **Cash and cash equivalents at the end of the financial year** | | **22,280** | **7,614** |

Notes to the financial statements are included on pages 10 to 31

# 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 2021 and any public annoucement 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 2021 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 2020 annual financial report for the financial year ended 30 June 2020, 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
- 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 2021.

Any new or amended 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.

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 |
|---|---|---|---|---|
| **Consolidated – 30 June 2021** | US$'000 | US$'000 | US$'000 | US$'000 |
| **Revenue** | | | | |
| Sales to external customers | 611 | 183,193 | - | 183,804 |
| Intersegment sales | 69,762 | - | (69,762) | - |
| Total revenue | 70,373 | 183,379 | (69,762) | 183,990 |
| | | | | |
| Interest revenue | 1 | 19 | - | 20 |
| Depreciation and amortisation | 2,382 | 3,540 | - | 5,922 |
| Stock written back | - | (2,662) | - | (2,662) |
| Impairment on goodwill | - | 841 | - | 841 |
| Impairment loss on receivables | (43) | 7,173 | (1,004) | 6,126 |
| **EBIT** | **1,883** | **3,820** | - | **5,703** |
| Finance costs | | | | (1,813) |
| **Profit before income tax expense** | | | | 3,890 |
| Income tax expense | | | | (1,629) |
| **Profit after income tax expenses** | | | | **2,261** |

## 3. Segment information (cont'd)

| **Consolidated – 30 June 2020** | Fabric Manufacturing US$'000 | Garment US$'000 | Intersegment Eliminations US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Sales to external customers | 1,478 | 176,569 | - | 178,047 |
| Intersegment sales | 51,478 | 33 | (51,511) | - |
| Total revenue | 52,956 | 176,602 | (51,511) | 178,047 |
| | | | | |
| Interest revenue | 1 | 2 | - | 3 |
| Depreciation | 2,205 | 3,529 | - | 5,734 |
| Impairment loss on receivables | - | 11,900 | - | 11,900 |
| **EBIT** | **6,655** | **2,072** | - | **8,727** |
| Finance costs | | | | (3,504) |
| **Profit before income tax expense** | | | | 5,223 |
| Income tax expense | | | | (1,427) |
| **Profit after income tax expenses** | | | | **3,796** |

## 3. Segment information (cont'd)

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

| | Fabric | |
|---|---|---|
| | 2021<br>US$'000 | 2020<br>US$'000 |
| Cambodia | - | 482 |
| India | 430 | 202 |
| Korea | 11 | - |
| Malaysia | 134 | 175 |
| Myanmar | - | 599 |
| Singapore | 36 | 70 |
| | **611** | **1,478** |

| | Garments | |
|---|---|---|
| | 2021<br>US$'000 | 2020<br>US$'000 |
| Canada | 29,129 | 15,427 |
| Europe | 1,022 | 529 |
| Japan | 55 | 60 |
| Singapore | 21,162 | 44,813 |
| USA | 131,051 | 113,339 |
| Cambodia | 96 | 667 |
| Vietnam | - | 265 |
| Others | 678 | 1,469 |
| | **183,193** | **176,569** |

## 4. Revenue

| | Consolidated 2021 US$'000 | 2020 US$'000 |
|---|---|---|
| Revenue from the sale of goods | 183,804 | 178,047 |
| **Other income** | | |
| Sample income | 25 | 39 |
| Interest income | 20 | 3 |
| Insurance compensation | 2,517 | 431 |
| Payable written back | - | 298 |
| Receivable's debts recovered | 74 | - |
| Gain on disposal of subsidiary | - | 1,320 |
| Government Grant | 321 | 408 |
| Other | 194 | 671 |
| **Total other income** | **3,151** | **3,170** |
| | **186,955** | **181,217** |

## 5. Trade and other receivables

| | Consolidated 2021 US$'000 | 2020 US$'000 |
|---|---|---|
| **Trade receivables** | | |
| Trade customers | 13,330 | 22,235 |
| GLIT Holdings | 5,056 | 6,406 |
| Outsourced manufacturing suppliers | 14,163 | 18,407 |
| Provision for Doubtful Debts | - | (43) |
| **Trade receivables** | **32,549** | **47,005** |
| **Other receivables** | | |
| Other receivables | 1,415 | 1,564 |
| Goods and services tax recoverable | 457 | - |
| **Other receivables** | **1,872** | **1,564** |
| Less: | | |
| Payable to GLIT Holdings | - | (1,021) |
| Payable to outsourced manufacturing suppliers | (455) | (450) |
| | **33,509** | **47,098** |
| | **33,966** | **47,098** |

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$0.05m (2020: $1.7m) 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 | |
|---|---|---|
| | 2021 US$'000 | 2020 US$'000 |
| 30 – 60days | 36 | 985 |
| 60 – 90 days | 2 | 322 |
| 90 – 120 days | - | 100 |
| More than 120 days | 11 | 257 |
| Total | 49 | 1,664 |
| | | |
| Movement in the allowance for expected credit loss | | |
| Balance at the beginning of the year | 43 | - |
| Charge / (credit) to profit or loss | (43) | 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 | - | - |
| Allowance written off during the year | - | - |
| 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

| Consolidated | | |
|---|---|---|
| | 2021 | 2020 |
| | US$'000 | US$'000 |
| **Cost** | | |
| Balance as at 1 July | 16,693 | 16,126 |
| Additions | 178 | 567 |
| **Balance as at 30 June** | **16,871** | **16,693** |
| | | |
| **Amortisation** | | |
| Balance as at 1 July | 1,999 | - |
| Amortisation | 2,126 | 1,999 |
| **Balance as at 30 June** | **4,125** | **1,999** |
| | | |
| **Net book value** | **12,746** | **14,694** |

| Consolidated | | |
|---|---|---|
| | 2021 | 2020 |
| | US$'000 | US$'000 |
| **Lease Liability** | | |
| Balance as at 1 July | 15,395 | 16,543 |
| Additions | 173 | 567 |
| **Balance as at 30 June** | **15,568** | **17,110** |
| | | |
| **Repayment** | | |
| Cash payments | (2,528) | (2,400) |
| Interest expense | 624 | 685 |
| **Net payments** | **1,904** | **1,715** |
| | | |
| **Balance as at 30 June** | **13,664** | **15,395** |
| | | |
| Current lease liability | 1,981 | 1,875 |
| Non-current lease liability | 11,683 | 13,520 |
| **Total lease liability** | **13,664** | **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 | |
|---|---|---|
| | **2021 US$'000** | **2020 US$'000** |
| Non-current | | |
| Security deposit | 7,000 | 5,000 |
| Office rental deposit | 1,871 | 1,871 |
| | **8,871** | **6,871** |
| Disclosed in the financial statements as : | | |
| **Total Non-current other financial assets** | **8,871** | **6,871** |

## 8. Trade and other payables

| | Consolidated | |
|---|---|---|
| | 2021 US$'000 | 2020 US$'000 |
| Trade payables (i) | 13,983 | 8,153 |
| Other payables | 3,700 | 3,645 |
| Ghim Li Group (ii) | 2,251 | 17,908 |
| Accruals – employee compensation | 2,042 | 2,469 |
| Accruals – late shipment claim (iii) | 1,582 | - |
| Accruals – audit fee | 87 | 104 |
| Accruals – TR interest | 109 | 116 |
| Accruals – others | 622 | 593 |
| | **24,070** | **32,988** |
| Less: | | |
| Receivables from Ghim Li Group | - | (7,480) |
| | **24,070** | **25,508** |

(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) The 30 June 2020 payable due to Ghim Li Group (majority shareholder of GLG) represents the outstanding amount of contingent consideration of US$13.3m owed by GLG for the purchase consideration payable for the acquisition of Maxim entities in December 2016. This balance was fully settled during the period ended 31 December 2020. The current payable due to Ghim Li Group from Ghim Li Global of US$5.4m. The receivables of US$3.2m from Maxim SG to Ghim Li Group as at 30 June 2021.

(iii) Malaysia and Cambodia government took the necessary tight control due to Covid-19 pandemic and locked down the non-essential businesses. These restrictions had resulted in delayed shipments to buyers and there are potential claims from those buyers for those late deliveries.

## 9. Borrowings

| | Consolidated 2021 US$'000 | Consolidated 2020 US$'000 |
|---|---|---|
| **Secured – at amortised cost** | | |
| Current | | |
| Trust receipts (Gross) (i) | 47,710 | 35,641 |
| Bills payable (Gross) | - | 145 |
| Finance lease liabilities | 47 | 39 |
| Bank loan | 620 | 4,938 |
| Term loan | 1,244 | 1,385 |
| **Total** | **49,621** | **42,148** |
| Non-current | | |
| Finance lease liabilities | 91 | 93 |
| Bank loan | 3,099 | 350 |
| Term loan | 1,456 | 2,787 |
| | **4,646** | **3,230** |
| Disclosed in the financial statements as: | | |
| Current borrowings | 49,621 | 42,148 |
| Non-current borrowings | 4,646 | 3,230 |
| | **54,267** | **45,378** |

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 2021 GLG Corp Ltd had short term financing facilities available of US$142.8m, long-term financing facilities available of US$6.1m and foreign exchange available of US$18.6m. (Short term: US$60.4m was used and US$82.4m was unused. Long-term: US$2.7m was used and US$3.4m was unused. Foreign exchange of US$3.1m was used and US$15.5m was unused). Compared with 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). 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:

| | **2021** | **2020** |
|---|---|---|
| Bank loans | 2.88% p.a. | 4.45% p.a. |
| Term loan | 4.27% | 4.76% |
| Trust receipts / Bill payable | 1.3% -1.9% | 3.51% |
| Finance lease liabilities | 5.05% p.a. | 5.53% p.a. |

## 10. Issued capital

| | Consolidated 2021 US$'000 | Consolidated 2020 US$'000 |
|---|---|---|
| **74,100,000 (2020: 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 | 2021 US$'000 | No. '000 | 2020 US$'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 2021 Cents per share | Consolidated 2020 Cents per share |
|---|---|---|
| **Basic earnings per share:** | | |
| Total basic earnings per share | 3.05 | 5.12 |
| **Diluted earnings per share:** | | |
| Total diluted earnings per share | 3.05 | 5.12 |

**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:

| | 2021 US$'000 | 2020 US$'000 |
|---|---|---|
| Net profit | 2,261 | 3,796 |
| Earnings used in the calculation of basic EPS | 2,261 | 3,796 |

| | 2021 No.'000 | 2020 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 | |
|---|---|---|
| | **2021 US$'000** | **2020 US$'000** |
| Net profit | 2,261 | 3,796 |
| Earnings used in the calculation of diluted EPS | 2,261 | 3,796 |

| | Consolidated | |
|---|---|---|
| | **2021 No.'000** | **2020 No.'000** |
| Weighted average number of ordinary shares used in the calculation of diluted EPS | 74,100 | 74,100 |

## 12. Contingent liabilities

| | Consolidated | |
|---|---|---|
| | **2021 US$'000** | **2020 US$'000** |
| **Contingent liabilities** | | |
| Guarantees arising from Letters of credit in force (i) | 8,161 | 2,066 |
| **Total** | **8,161** | **2,066** |

(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 60 years, 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 2021 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<br>RM30-100 per square foot for building<br>RM = Malaysian Ringgit currency | RM28 per square foot for land<br><br>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 61 per square foot for land<br><br>RM40 to 100 per square foot for building<br><br>RM = Malaysian Ringgit currency | RM50 per square foot for land<br><br>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 | | | | |
| | **Freehold land and buildings** | **Leasehold land and buildings** | **Sub-total** | **Plant and machinery** | **Renovation** | **Other assets** | **Motor vehicles** | **Total** |
| **Cost** | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Balance as at 1 July 2019 | **5,326** | **9,684** | **15,010** | **25,224** | **4,075** | **3,607** | **672** | **48,588** |
| Additions | - | - | - | 1,574 | 191 | 193 | 30 | 1,988 |
| Disposals | - | - | - | (70) | (32) | - | - | (102) |
| Revaluation deficit | - | (341) | (341) | - | - | - | - | (341) |
| **Balance as at 30 June 2020** | **5,326** | **9,343** | **14,669** | **26,728** | **4,234** | **3,800** | **702** | **50,133** |
| Additions | - | - | - | 3,290 | 113 | 63 | 26 | 3,492 |
| Disposals | - | - | - | (1,778) | - | (1) | (8) | (1,787) |
| Revaluation surplus | - | 352 | 352 | - | - | - | - | 352 |
| **Balance as at 30 June 2021** | **5,326** | **9,695** | **15,021** | **28,240** | **4,347** | **3,862** | **720** | **52,190** |

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

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | At Valuation | | | | | | | |
| | **Freehold land and buildings** | **Leasehold land and buildings** | **Sub-total** | **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 |
| **Accumulated depreciation** | | | | | | | | |
| Balance as at 1 July 2019 | **-** | **-** | **-** | **7,758** | **2,910** | **2,716** | **440** | **13,824** |
| Depreciation expense | - | - | - | 2,494 | 400 | 262 | 77 | 3,233 |
| Depreciation on disposals | - | - | - | (34) | (13) | - | - | (47) |
| **Balance as at 30 June 2020** | **-** | **-** | **-** | **10,218** | **3,297** | **2,978** | **517** | **17,010** |
| Depreciation expense | - | - | - | 2,568 | 325 | 226 | 72 | 3,191 |
| Depreciation on disposals | - | - | - | (298) | - | (1) | (8) | (307) |
| **Balance as at 30 June 2021** | **-** | **-** | **-** | **12,488** | **3,622** | **3,203** | **581** | **19,894** |
| **Net book value** | | | | | | | | |
| **As at 30 June 2020** | **5,326** | **9,343** | **14,669** | **16,510** | **937** | **822** | **185** | **33,123** |
| **As at 30 June 2021** | **5,326** | **9,695** | **15,021** | **15,752** | **725** | **659** | **139** | **32,296** |

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

## 14. Subsidiaries

| Name of subsidiary | Country of incorporation | Ownership interest 2021 % | Ownership interest 2020 % |
|---|---|---|---|
| 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 |
| 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. Notes to the cash flow statement

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

| | Consolidated 2021 US$'000 | Consolidated 2020 US$'000 |
|---|---|---|
| Profit for the year | 2,261 | 3,796 |
| Depreciation of property, plant and equipment | 3,191 | 3,233 |
| Amortisation of intangible assets | 605 | 502 |
| Amortisation of right on use assets | 2,126 | 1,999 |
| Bad and doubtful debts | 6,126 | 11,943 |
| (Written back) / Impairment on inventories | (2,662) | 2,890 |
| Impairment on goodwill | 841 | - |
| Loss on written off non-current assets | 1,459 | 35 |
| Gain on disposal of subsidiary | - | (1,320) |
| **Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:** | | |
| (Increase)/decrease in assets: | | |
| Inventories | (5,325) | (8,486) |
| Trade and other receivables | 8,402 | (1,193) |
| Other assets | 183 | (1,012) |
| Outsource to manufacturing suppliers | (3,395) | 29,412 |
| Increase/(decrease) in liabilities: | | |
| Trade and other payables | 6,734 | (9,336) |
| Current tax | (734) | 942 |
| Deferred tax | 257 | (157) |
| **Net cash provided by operating activities** | **20,069** | **33,248** |

## 16. Intangible Assets

| Consolidated | | | | | |
|---|---|---|---|---|---|
| | **Software** | **Goodwill** | **Trademark & customers network** | **Others** | **Total** |
| **Cost** | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Balance as at 1 July 2019 | **2,150** | **1,841** | **2,518** | **407** | **6,916** |
| Additions | 3 | - | - | - | 3 |
| **Balance as at 30 June 2020** | **2,153** | **1,841** | **2,518** | **407** | **6,919** |
| **Balance as at 30 June 2021** | **2,153** | **1,841** | **2,518** | **407** | **6,919** |
| **Accumulated Amortisation** | | | | | |
| Balance as at 1 July 2019 | **8** | **-** | **-** | **-** | **8** |
| Amortisation | 114 | - | 252 | 136 | 502 |
| **Balance as at 30 June 2020** | **122** | **-** | **252** | **136** | **510** |
| Amortisation | 217 | | 252 | 136 | 605 |
| Impairment | - | 841 | - | - | 841 |
| **Balance as at 30 June 2021** | **339** | **841** | **504** | **272** | **1,956** |
| **Net book value** | | | | | |
| **As at 30 June 2020** | **2,031** | **1,841** | **2,266** | **271** | **6,409** |
| **As at 30 June 2021** | **1,814** | **1,000** | **2,014** | **135** | **4,963** |

*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.

## 17. 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 | |
|---|---|---|
| | **2021 US$'000** | **2020 US$'000** |
| Raw materials | 14,344 | 8,042 |
| Work in progress | 10,533 | 10,936 |
| Goods in transit | 5,687 | 2,124 |
| Consumables | 12 | 4 |
| Stock lot | 746 | 1,209 |
| Finished goods | 3,016 | 6,927 |
| Provision of obsolescence stock | - | (2,890) |
| **Total** | **34,338** | **26,352** |

## 18. 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.