

GLG Corp Ltd

ACN 116 632 958

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2024

1. Highlight of Results
2. Appendix 4E Financial Statements for the Year ended 30 June 2024

1. Results for announcement to market

Summary financial information for the consolidated entity for the 2023/24 financial year is set out below. Full financial details are attached to this announcement.

		Consolidated		
Summary Information	30 –JUN-24 USD\$'000	30 –JUN-23 USD\$'000	Inc/(Dec) USD\$'000	Inc/(Dec) %
Revenue from Ordinary Activities	116,555	116,489	66	0.1
(Loss)/ profit after Tax from Ordinary Activities	(3,685)	(1,952)	1,733	88.7
Net (Loss)/ profit after Tax Attributable to Members	(3,685)	(1,952)	1,733	88.7
Basic Earnings – US Cents Per Share	(4.97)	(2.63)	2.34	89.0
Diluted Earnings – US Cents Per Share	(4.97)	(2.63)	2.34	89.0
Net Tangible Assets – US Cents Per Share	63.66	65.80	(2.14)	(3.3)

Dividends

In respect of the financial year ended 30 June 2024, the Directors do not recommend the payment of an interim/final dividend.

In respect of the financial year ended 30 June 2023, no dividend was declared.

Annual General Meeting

The Company plans to hold the 2024 Annual General Meeting on 27 November 2024. The deadline to receive director nominations is 10 October 2024.

Summary commentary on results

Directors Comments:

GLG's revenue slightly increased by 0.1% from US\$116.5m to US\$116.6m during the financial year ended 30 June 2024 ("FY2024"). This was mainly attributable to the increase in sales from existing customers during the year netted off by the loss of a major customer as noted in prior year and fierce market competition which resulted in price reductions and ability to retain customers.

The gross profit margin decreased from 18.4% in FY2023 to 15.6% in FY2024 due to price competition and lack of orders to meet the optimal level of production capacity. The price challenges have also resulted in the reduction in the gross profit margin of the Group.

Other income decreased by US\$4.0m from US\$4.4m to US\$0.4m as compared to the previous corresponding financial year ended 30 June 2023. This was mainly due to one-off gain on modification of lease terms of US\$1.0m as a result of renegotiated terms of lease from 5 years to 2 years from major shareholder, Ghim Li Group Pte Ltd and write-back of the accruals for the later shipment claim of US\$2.8m in the financial year ended 30 June 2023 ("FY2023").

Selling and distribution costs decreased by 30.8% from US\$9.2m to US\$6.3m as compared to the previous corresponding financial year ended 30 June 2023. This was mainly due to lower duty and freight cost incurred on Land-Duty Paid customers' orders and decline in global freight rates over the period as a flow on improvement from COVID recovery, stabilisation of global supply chains and the decrease in customs duty.

Administrative expenses decreased by 2.6% from US\$10.7m in the previous year to US\$10.4m in the current financial year. The overall decrease was mainly due to cost reduction to streamline the manpower cost during the year.

Finance costs increased by 4.8% from US\$2.2m to US\$2.3m in FY2024 as compared to the previous corresponding financial year. The increase was mainly due to increase in the higher interest rates on loans given the current market conditions.

Other expenses decreased by 38.7% from US\$5.0m to US\$3.1m in the FY2024 as compared to the previous corresponding financial year. The decrease was mainly due to write off of deposits with an outsourced manufacturer of US\$2.0m in relation to the decrease in revenue and thereby reduction of allocated production to the third-party manufacturer resulting in the closure of the third-party manufacturer, US\$1.1m impairment of a claim made against the previous owner of the Group's Cambodian subsidiary's assets and the buyer of raw materials for their outstanding tax obligations as a result of a tax audit for the period from 2017 to 2019 and commitment fee of US\$0.8m paid to outsourced manufacturer. The decrease was offset by the increase in impairment and write-off of obsolete fixed assets of US\$2.1m in the FY2024.

Directors Comments: (cont'd)

GLG's net loss after tax for FY2024 amounted to US\$3.7m, compared with a loss of US\$2.0m in the corresponding financial year. The increase in net loss after tax was mainly due to the revenue generated with lower margin in these macro-economic conditions and high borrowing interest rate.

The visibility of the trading conditions has stabilised and the possibility of the reduction of bank interest rate and the improvement of the production process. The group expects the gross profit and result to reflect some improvement in FY2025.

Balance Sheet position

Inventory decreased by 4.2% from US\$25.5m as at 30 June 2023 to US\$24.4m as at 30 June 2024. This was mainly due to decline in customers' order which resulted in reduction of raw materials and work-in-progress in the factories.

Property, plant and equipment decreased by 16.4% from US\$26.5m as at 30 June 2023 to US\$22.2m as at 30 June 2024 mainly due to the depreciation, impairment and write-off of surplus and obsolete fixed assets of US\$2.1m in FY2024.

The right-of-use assets decreased by 49.9% from US\$3.7m as at 30 June 2023 to US\$1.8m as at 30 June 2024 mainly due to the amortisation of right-of-use assets.

The intangible assets decreased by 9.4% from US\$2.9m as at 30 June 2023 to US\$2.6m as at 30 June 2024 mainly due to the amortisation of intangible assets.

Trade and other payables decreased by 29.9% from US\$16.1m as at 30 June 2023 to US\$11.3m as at 30 June 2024, primarily resulting from decrease in advanced purchases of raw materials such as yarn and fabric and settlement of payables. In addition, there was a payment of intercompany balance to Ghim Li Group, parent entity that amounted to US\$2.4m during the period.

Current and non-current borrowings decreased by 10.0% from US\$36.5m as at 30 June 2023 to US\$32.9m as at 30 June 2024. The decrease was mainly due to a decrease in trust receipts and loan settlement to the financial institution.

Directors Comments: (cont'd)**Cash Flow**

In FY2024, net cash flow from operating activities amounted to US\$1.8m as compared to previous corresponding financial year of US\$22.8m, mainly due to prompt settlement of payables and lower receipt from customers this financial year. In addition, the interest paid during the year increased from \$1.5m in FY2023 to \$2.2m in FY2024.

Net cash flows used in investing activities amounted to US\$0.9m as compared to previous corresponding financial year of cash flow from investing activities of US\$0.2m. The movement was mainly due to investment in new machineries in fabric factory to increase the productivity and new order requirements, whilst the cash flow in prior year included a one-off refund of rental deposits as a result of modification of lease terms.

Net cash used in financing activities amounted to US\$8.0m as compared to previous corresponding financial period of US\$17.7m. This decrease was mainly due to lesser payment in borrowings as a result of lower purchases of inventory and lesser advanced purchases of yarn, netted by the increase of repayment to Ghim Li Group by US\$2.4m.

As a result of the above, there was a net decrease of US\$7.1m in cash and cash equivalents from FY2024, from a net cash surplus of US\$19.2m as at 30 June 2023 to a net cash surplus of US\$12.0m as at 30 June 2024.

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

Consolidated Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2024

	Note	Consolidated	
		2024 US\$'000	2023 US\$'000
Revenue	5	116,555	116,489
Cost of sales		(98,352)	(95,002)
Gross profit		18,203	21,487
Other income	5	411	4,395
Distribution expenses		(6,343)	(9,160)
Administration expenses		(10,435)	(10,712)
Finance costs		(2,307)	(2,201)
Other expenses	4	(3,082)	(5,027)
Loss before income tax expense		(3,553)	(1,218)
Income tax expense		(132)	(734)
Loss for the year		(3,685)	(1,952)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation deficit, on land and building, net of tax		(5)	(673)
Other comprehensive income, net of tax		(5)	(673)
Total comprehensive loss for the year		(3,690)	(2,625)
Earnings per share:			
Basic (cents per share)	12	(4.97)	(2.63)
Diluted (cents per share)	12	(4.97)	(2.63)

Notes to the financial statements are included on pages 11 to 33

Consolidated Statement of financial position as at 30 June 2024

	Note	Consolidated	
		2024 US\$'000	2023 US\$'000
Current assets			
Cash and cash equivalents		12,015	19,159
Trade and other receivables	6	27,795	27,703
Inventory	18	24,402	25,463
Current tax assets		132	-
Other assets		1,174	1,192
Total current assets		65,518	73,517
Non-current assets			
Other financial assets	8	5,559	5,559
Trade and other receivables	6	2,700	2,700
Intangible assets	17	2,623	2,896
Right-of-use assets	7	1,832	3,660
Property, plant and equipment	14	22,155	26,494
Total non-current assets		34,869	41,309
Total assets		100,387	114,826
Current liabilities			
Trade and other payables	9	11,279	16,087
Borrowings	10	32,470	34,002
Lease liability	7	1,401	1,859
Current tax liabilities		63	211
Total current liabilities		45,213	52,159
Non-current liabilities			
Borrowings	10	360	2,468
Lease liability	7	569	2,000
Deferred tax liabilities		2,620	2,884
Total non-current liabilities		3,549	7,352
Total liabilities		48,762	59,511
Net assets		51,625	55,315
Equity			
Issued capital	11	10,322	10,322
Revaluation reserves		2,269	2,274
Merger reserves		(14,812)	(14,812)
Retained earnings		53,846	57,531
Total equity		51,625	55,315

Notes to the financial statements are included on pages 11 to 33

Consolidated Statement of changes in equity for the financial year ended 30 June 2024

	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 2022	10,322	2,947	(14,812)	60,594	59,051
Dividend declared	-	-	-	(1,111)	(1,111)
Loss after income tax expense	-	-	-	(1,952)	(1,952)
Other comprehensive income for the year, net of tax	-	(673)	-	-	(673)
Total comprehensive income	-	(673)	-	(1,952)	(2,625)
Balance at 30 June 2023	10,322	2,274	(14,812)	57,531	55,315
Balance at 1 July 2023	10,322	2,274	(14,812)	57,531	55,315
Loss after income tax expense	-	-	-	(3,685)	(3,685)
Other comprehensive income for the year, net of tax	-	(5)	-	-	(5)
Total comprehensive income	-	(5)	-	(3,685)	(3,690)
Balance at 30 June 2024	10,322	2,269	(14,812)	53,846	51,625

Notes to the financial statements are included on pages 11 to 33

Consolidated Statement of cash flows for the financial year ended 30 June 2024

Note	Consolidated	
	2024 US\$'000	2023 US\$'000
Cash flows from operating activities		
Receipts from customers	116,138	128,936
Payments to suppliers and employees	(112,093)	(102,935)
Net proceeds from/ (payments to) outsourced manufacturing suppliers	622	(544)
Interest income	105	44
Interest and other costs of finance paid	(2,158)	(1,537)
Interest paid on lease liabilities	(149)	(379)
Income tax paid	(655)	(754)
Net cash provided by operating activities	1,810	22,831
Cash flows from investing activities		
Purchase of property, plant and equipment	(744)	(1,194)
Disposal of property, plant and equipment	5	36
Purchase of software	(198)	-
Rental deposit refunded	-	1,312
Net cash (used in)/ from investing activities	(937)	154
Cash flows from financing activities		
Repayment of borrowings	(3,640)	(13,514)
Repayments of lease liability	(2,038)	(2,069)
Net repayments to Ghim Li Group	(2,339)	(1,025)
Dividend paid	-	(1,111)
Net cash used in financing activities	(8,017)	(17,719)
Net (decrease)/ increase in cash and cash equivalents	(7,144)	5,266
Cash and cash equivalents at the beginning of the financial year	19,159	13,893
Cash and cash equivalents at the end of the financial year	12,015	19,159

Notes to the financial statements are included on pages 11 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

Suite 4201, Level 42 Australia Square
264-278 George Street
Sydney, NWS 2000
Australia

Principal place of business

15, Harvey Road,
Singapore 369930

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 2023 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 2023 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 2023 annual financial report for the financial year ended 30 June 2023, 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 14 for further details

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)

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents 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.

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 2024.

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.

3. Segment information (cont'd)

	Fabric Manufacturing US\$'000	Garment US\$'000	Intersegment eliminations US\$'000	Total US\$'000
Consolidated – 30 June 2024				
Revenue				
Sales to external customers	588	115,967	-	116,555
Intersegment sales	35,649	-	(35,649)	-
Total revenue	36,237	115,967	(35,649)	116,555
Interest received	41	64	-	105
Depreciation	(2,190)	(765)	-	(2,955)
Amortisation	(208)	(2,430)	189	(2,449)
Bad and doubtful debts	-	(49)	-	(49)
Write-off of property, plant and equipment	(553)	(1,543)	-	(2,096)
Unrealised profit	-	-	(138)	(138)
EBIT	(1,207)	(39)	-	(1,246)
Finance costs				(2,307)
Loss before income tax expense				(3,553)
Income tax expense				(132)
Loss after income tax expenses				(3,685)

	Fabric Manufacturing US\$'000	Garment US\$'000	Corporates US\$'000	Intersegment eliminations US\$'000	Total US\$'000
Assets	36,454	119,980	107,647	(163,694)	100,387
Liabilities	(19,190)	(67,085)	(17,455)	54,968	(48,762)

3. Segment information (cont'd)

Consolidated – 30 June 2023		Fabric Manufacturing US\$'000	Garment US\$'000	Intersegment eliminations US\$'000	Total US\$'000
Revenue					
Sales to external customers		409	116,080	-	116,489
Intersegment sales		38,359	-	(38,359)	-
Total revenue		38,768	116,080	(38,359)	116,489
Interest received		41	3	-	44
Depreciation		(2,365)	(909)	-	(3,274)
Amortisation		(195)	(2,626)	198	(2,623)
Bad and doubtful debts		-	(30)	6	(24)
Impairment of claims from tax settlement		-	(1,097)	-	(1,097)
Impairment of deposits from outsourced manufacturer		-	(2,000)	-	(2,000)
Unrealised profit		(45)	(505)	-	(550)
EBIT		(1,618)	2,601	-	983
Finance costs					(2,201)
Loss before income tax expense					(1,218)
Income tax expense					(734)
Loss after income tax expenses					(1,952)
	Fabric Manufacturing US\$'000	Garment US\$'000	Corporates US\$'000	Intersegment eliminations US\$'000	Total US\$'000
Assets	39,130	134,707	113,511	(172,522)	114,826
Liabilities	(19,580)	(80,461)	(23,534)	64,064	(59,511)

3. Segment information (cont'd)

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

		Fabric	
		2024	2023
		US\$'000	US\$'000
India		152	319
Hong Kong		204	-
Malaysia		91	90
Others		141	-
		588	409

		Garments	
		2024	2023
		US\$'000	US\$'000
Canada		23,696	19,797
Europe		892	1,347
Japan		-	10
Singapore		521	153
USA		90,399	93,502
Cambodia		160	712
Malaysia		105	463
Others		194	96
		115,967	116,080

4. Other expenses

	2024 US\$'000	2023 US\$'000
Commitment fee (i)	-	778
Legal and professional fee	497	359
Bad debts and doubtful accounts	49	24
Impairment of deposits from outsourced manufacturer (iii)	-	2,000
Impairment of claim from tax settlement (ii)	-	1,097
Write-off of property, plant and equipment (iv)	2,096	1
Other	440	768
	3,082	5,027

- (i) The company committed 80% of total available capacity with outsourced manufacturers. If any shortfall in orders satisfaction, the outsourced manufacturers are entitled to claim a commitment fee from the Group.
- (ii) During the year ended 30 June 2022, a tax audit was conducted in respect of the Group's Cambodian subsidiary for the period from 2017 to 2019 which resulted in an amended final notice of assessment of US\$0.2m which was paid and disclosed as tax expenses. In addition, an amount of US\$1.1m was paid in order to finalise and settle the tax audit for tax exposures for those years prior to the Group's acquisition of the Cambodian subsidiary's assets. In accordance with the warranty clause under the Sale and Purchase Agreement and the Sales Agreement, these amounts incurred during those periods were claimable from the seller. Whilst the amounts are considered able of being recouped from the seller, they have been impaired during the year ended 30 June 2023 due to the time that has lapsed and the uncertainty of recovery.
- (iii) The impairment of deposits from outsourced manufacturer was due to the write off of deposits with an outsourced manufacturer in relation to the decrease in revenue and thereby reduction of allocated production to the third-party manufacturer resulting in the closure of the third party manufacturer.
- (iv) During the year, property, plant and equipment was written off in respect of the Cambodia (US\$1.5m) and Malaysia (US\$0.6m) factories which were identified as no longer being required to be used in the production process.

5. Revenue and other income

	Consolidated	
	2024 US\$'000	2023 US\$'000
Revenue from the sale of goods	116,555	116,489
Other income		
Write-back of provision for late shipment claim (i)	-	2,766
Gain on modification of lease terms of ROU assets	-	958
Sample income	34	22
Interest income	105	44
Insurance compensation	-	194
Recovery of bad debts receivable	-	107
Government grants	170	45
Other	102	259
Total other income	411	4,395
	116,966	120,884

- (i) In financial year 2023, the provision of \$2.8m has been reversed as management was able to negotiate the waiver of the prior year balance. No additional penalty provision is required at 30 June 2024 given the delivery periods are back to pre-covid levels with no delays incurred.

6. Trade and other receivables

	Consolidated	
	2024 US\$'000	2023 US\$'000
Current		
Trade receivables		
Trade customers	11,247	10,638
GLIT Holdings Group (i)	15,148	15,770
Trade receivables	26,395	26,408
Other receivables		
Other receivables	746	708
Goods and services tax recoverable	654	587
Other receivables	1,400	1,295
	27,795	27,703
Non-current		
GLIT Holdings Group (i)	2,700	2,700
	2,700	2,700
Total trade and other receivables	30,495	30,403

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.

6. Trade and other receivables (cont'd)

- (i) Receivable from GLIT Holdings Group, outsource manufacturer, that are expected to be settled in the next 12 months by netting off from the logistic revenue charged by GLIT Holdings is classified as current, whilst the remaining balance that are expected to be settled in more than a year is classified as non-current.

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. 97.4% 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\$0.5m (2023: \$0.02m) 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	
	2024 US\$'000	2023 US\$'000
30 – 60 days	555	117
60 – 90 days	9	-
90 – 120 days	119	-
More than 120 days	14	-
Total	697	117
<u>Movement in the allowance for expected credit loss</u>		
Balance at the beginning of the year	-	-
Charge / (credit) to profit or loss	-	-
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.

7. Right of Use and Leases

Consolidated		
	2024	2023
	US\$'000	US\$'000
Cost		
Balance as at 1 July	6,903	17,093
Additions	149	2,427
Disposal/ Modification of the terms of leases	(156)	(12,617)
Balance as at 30 June	6,896	6,903
Amortisation		
Balance as at 1 July	3,243	6,031
Amortisation	1,977	2,158
Disposal/ Modification of terms of leases	(156)	(4,946)
Balance as at 30 June	5,064	3,243
Net book value	1,832	3,660

Consolidated		
	2024	2023
	US\$'000	US\$'000
Lease Liability		
Balance as at 1 July	3,859	12,129
Additions	149	2,427
Modification/Disposal of the terms of leases	-	(8,628)
Balance as at 30 June	4,008	5,928
Repayment		
Cash payments	(2,186)	(2,069)
Interest expense	148	379
Net payments	2,038	1,690
Balance as at 30 June	1,970	3,859
Current lease liability	1,401	1,859
Non-current lease liability	569	2,000
Total lease liability	1,970	3,859

Lease	Location	Term	Interest rate
Head office	Singapore	2 years (01 Jan 2024 to 31 Dec 2024)	4.26%
Kujaya	Malaysia	3 years (01 Nov 2021 to 23 Oct 2024)	4.75%
Factory	Cambodia	3years + 3years option (01 Apr 2024 to 31 Mar 2026)	4.26%

7. 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.

8. Other financial assets

	Consolidated	
	2024 US\$'000	2023 US\$'000
<u>Non-current</u>		
Security deposit	5,000	5,000
Office rental deposit	559	559
	5,559	5,559
Disclosed in the financial statements as :		
Total non-current other financial assets	5,559	5,559

9. Trade and other payables

	Consolidated	
	2024 US\$'000	2023 US\$'000
Trade payables (i)	6,263	8,015
Other payables	2,647	3,271
Ghim Li Group (ii)	16	2,354
Accruals – employee compensation	1,577	1,520
Accruals – audit fee	130	115
Accruals – interest	253	215
Accruals – others	393	597
	11,279	16,087

- (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 current payable due to Ghim Li Group Pte Ltd, ultimate parent entity from Ghim Li Global of US\$0.02m (2023: US\$2.4m).

10. Borrowings

	Consolidated	
	2024 US\$'000	2023 US\$'000
<u>Secured – at amortised cost</u>		
<u>Current</u>		
Trust receipts (Gross) (i)	28,555	27,930
Bill payables (iii)	2,330	-
Finance lease liabilities	18	29
Bank loan (ii)	922	923
Term loan (iv)	645	5,120
Total	32,470	34,002
<u>Non-current</u>		
Finance lease liabilities	-	18
Bank loan (ii)	341	1,266
Term loan (iv)	19	1,184
	360	2,468
Disclosed in the financial statements as:		
Current borrowings	32,470	34,002
Non-current borrowings	360	2,468
	32,830	36,470

Summary of borrowing arrangements:

- (i) Secured by negative pledge over all assets of Ghim Li Global Pte Ltd and Maxim Textile Technology Sdn Bhd. Refer to Terms & Conditions of Borrowing Balance for details.
- (ii) The bank loan, denominated in Singapore dollar was carried at fixed rate and was repayable over 5 years in 60 instalments from November 2021 to October 2025.
- (iii) Bills Payable are amounts received from banks for discounting sales invoices billed to customers, with weighted average effective interest rate of 7.2% (2023: 5.9%) per annum.
- (iv) Term Loan relates to purchase of property, plant and machinery of the Company's subsidiaries and are secured by a negative pledge of the assets of the Company. The loan repayment period varies from 8 to 10 years for property and 5 to 6 years for plant and machinery. The weighted average effective interest rate for such loans is 5.0% per annum (2023: 4.8% per annum).

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.

10. Borrowings (cont'd)

Below are the details of available facilities from banks for the respective financial year end. GLG believe that it will continue to have the strong support from main bankers for its working capital and capital expenditure requirements. The facilities used are inclusive of the contingent liabilities as disclosed in Note 13.

30 June 2024	Used US\$'000	Unused US\$'000	Total US\$'000
Short term	36,040	44,528	80,568
Long term	664	-	664
Foreign exchange	-	17,569	17,569
Total	36,704	62,097	98,801

30 June 2023	Used US\$'000	Unused US\$'000	Total US\$'000
Short term	41,705	41,391	83,096
Long term	1,304	1,144	2,448
Foreign exchange	5,000	12,675	17,675
Total	48,009	55,210	103,219

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

	2024	2023
Bank loans	2.0% p.a.	2.0% p.a.
Term loan	5.0%	4.8%
Bill payable	7.2%	5.9%
Trust receipts	7.1%	6.2%
Finance lease liabilities	5.1% p.a.	4.9% p.a.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Terms & Conditions of Borrowing Balances:

- 1) Trust Receipts are denominated in USD bear weighted average effective interest rate of 7.1% (2023: 6.2%) per annum for a tenure of 4 months. Trust receipts are a discount form of supplier credit. In commercial terms, they are accounts payable.
- 2) Term Loan relates to purchase of property, plant and machinery of the Company's subsidiaries and are secured by a negative pledge of the assets of the Company. The loan repayment period varies from 8 to 10 years for property and 5 to 6 years for plant and machinery. The weighted average effective interest rate for such loans is 5.0% per annum (2023: 4.8% per annum).
- 3) Bills Payable are amounts received from banks for discounting sales invoices billed to customers, with weighted average effective interest rate of 7.2% (2023: 5.9%) per annum.

11. Issue Capital

	Consolidated	
	2024 US\$'000	2023 US\$'000
74,100,000 (2023: 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	2024 US\$'000	No. '000	2023 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

12. Earnings per share

	Consolidated	
	2024 Cents per share	2023 Cents per share
Basic earnings per share:		
Total basic earnings per share	(4.97)	(2.63)
Diluted earnings per share:		
Total diluted earnings per share	(4.97)	(2.63)

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:

	2024 US\$'000	2023 US\$'000
Net loss	(3,685)	(1,952)
Earnings used in the calculation of basic EPS	(3,685)	(1,952)
	2024 No.'000	2023 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

12. Earnings per share (cont'd)

Diluted earnings per share

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

	Consolidated	
	2024 US\$'000	2023 US\$'000
Net loss	(3,685)	(1,952)
Earnings used in the calculation of diluted EPS	(3,685)	(1,952)

	Consolidated	
	2024 No.'000	2023 No.'000
Weighted average number of ordinary shares used in the calculation of diluted EPS	74,100	74,100

13. Contingent liabilities

	Consolidated	
	2024 US\$'000	2023 US\$'000
Contingent liabilities		
Guarantees arising from letters of credit in force (i)	645	2,266
Total	645	2,266

- (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.

14. 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 10.

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 2024 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	RM23 to RM32.90 per square foot for land RM50 to RM100 per square foot for building RM = Malaysian Ringgit currency	RM27.70 per square foot for land RM75 per square foot for building	The higher the price per square foot the higher the fair value

14. 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	RM50.90 to RM80.70 per square foot for land RM50 to 95 per square foot for building RM = Malaysian Ringgit currency	RM52.50 per square foot for land RM73 per square foot for building	The higher the price per square foot, the higher the fair value

14. 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 2022	4,995	9,081	14,076	29,029	4,546	2,669	720	51,040
Additions	-	-	-	846	63	172	113	1,194
Disposals	-	-	-	(801)	(5)	(11)	(11)	(828)
Revaluation deficit	(282)	(514)	(796)	-	-	-	-	(796)
Balance as at 30 June 2023	4,713	8,567	13,280	29,074	4,604	2,830	822	50,610
Additions	-	-	-	586	61	97	-	744
Disposals and write-off (Note 4)	-	-	-	(5,927)	-	(40)	-	(5,967)
Revaluation surplus /(deficit)	59	(85)	(26)	-	-	-	-	(26)
Balance as at 30 June 2024	4,772	8,482	13,254	23,733	4,665	2,887	822	45,361

14. 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 2022	-	-	-	14,881	3,947	2,172	644	21,644
Depreciation expense	-	-	-	2,739	296	179	61	3,275
Accumulated depreciation on disposals	-	-	-	(778)	(5)	(9)	(11)	(803)
Balance as at 30 June 2023	-	-	-	16,842	4,238	2,342	694	24,116
Depreciation expense	-	-	-	2,583	155	182	35	2,955
Accumulated depreciation on disposals and write-off (Note 4)	-	-	-	(3,825)	-	(40)	-	(3,865)
Balance as at 30 June 2024	-	-	-	15,600	4,393	2,484	729	23,206
Net book value								
As at 30 June 2023	4,713	8,567	13,280	12,232	366	488	128	26,494
As at 30 June 2024	4,772	8,482	13,254	8,133	272	403	93	22,155

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

15. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest	
		2024 %	2023 %
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

* The company is deregistered in the financial year.

16. Notes to the cash flow statement

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

	Consolidated	
	2024 US\$'000	2023 US\$'000
Loss for the year	(3,685)	(1,952)
Depreciation of property, plant and equipment	2,955	3,275
Amortisation of intangible assets	471	465
Amortisation of right on use assets	1,977	2,158
Bad and doubtful debts	49	2,024
Unrealised profit	138	(550)
Impairment/written-off on inventories	268	578
Write-off of property, plant and equipment	2,096	(11)
Gain on modification of lease terms of ROU assets	-	(958)
Written back of penalty provision	-	(2,765)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	656	11,833
Trade and other receivables	(741)	12,334
Other assets	16	(231)
Outsource to manufacturing suppliers	622	(544)
Increase/(decrease) in liabilities:		
Trade and other payables	(2,470)	(2,682)
Current tax	(279)	(271)
Deferred tax	(263)	128
Net cash provided by operating activities	1,810	22,831

17. 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 2023	2,153	1,841	2,518	407	6,919
Additions	198	-	-	-	198
Balance as at 30 June 2024	2,351	1,841	2,518	407	7,117
Accumulated Amortisation					
Balance as at 1 July 2022	554	1,841	756	407	3,558
Amortisation	213	-	252	-	465
Impairment	-	-	-	-	-
Balance as at 30 June 2023	767	1,841	1,008	407	4,023
Amortisation	219	-	252	-	471
Balance as at 30 June 2024	986	1,841	1,260	407	4,494
Net book value					
As at 30 June 2023	1,386	-	1,510	-	2,896
As at 30 June 2024	1,365	-	1,258	-	2,623

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 represents 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. As at 31 December 2022, the goodwill has been fully impaired.

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	
	2024 US\$'000	2023 US\$'000
Raw materials	11,317	12,106
Work in progress	4,777	5,368
Goods in transit	6,010	4,313
Consumables	2	12
Stock lot	604	574
Finished goods	1,692	2,496
Total	24,402	25,463

19. 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.