

GLG Corp Ltd

ACN 116 632 958
Statutory report for the financial year ended 30 June 2017

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	<i>Page</i>
<i>Corporate governance statement</i>	<i>3</i>
<i>Directors' report</i>	<i>14</i>
<i>Auditor's independence declaration</i>	<i>28</i>
<i>Independent audit report</i>	<i>29</i>
<i>Directors' declaration</i>	<i>33</i>
<i>Consolidated Statement of profit or loss and other comprehensive income</i>	<i>34</i>
<i>Consolidated Statement of financial position</i>	<i>35</i>
<i>Consolidated Statement of changes in equity</i>	<i>36</i>
<i>Consolidated Statement of cash flows</i>	<i>37</i>
<i>Notes to the financial report</i>	<i>38</i>
<i>Additional Australian securities exchange information</i>	<i>82</i>

Corporate governance statement

GLG Corp (Group) or (The Company's) Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of The Group's operations. The Company has prepared this statement which sets out its corporate governance practices that were in operation for the financial year ended 30 June 2017, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations. The Company's corporate governance policies and charters and policies are all available on the Company's web site (www.ghimli.com) (Website).

Principle	ASX Corporate Governance Council Recommendations – 3 rd Edition	Comply?
1.	Lay solid foundations for management and oversight	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Yes The Board has adopted a charter which establishes the role of the Board and its relationship with management. The primary role of the Board is the protection and enhancement of long term shareholder value. Its responsibility is the overall strategic direction of the Group. The functions and responsibilities of the Board and management are consistent with ASX Principle 1. A copy of the Board Charter is posted on the Website.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Yes The Board has a formal Nomination & Remuneration Committee. The Nomination and Remuneration Committee's functions and powers are formalised in a Charter and is posted on the Website. It is the role of the Nomination & Remuneration Committee to identify suitable candidates to complement the existing Board, to undertake appropriate checks on the candidate; to seek confirmation from the candidate that he/she will have sufficient time to fulfil his or her responsibilities as a director; and subject to the results of such checks and confirmations, to make recommendations to the Board on their appointment. The Company provides information to shareholders about Directors seeking re-election at general meeting to enable them to make an informed decision on whether or not to re-elect the Director, including their relevant qualifications and experience and the skills they bring to the Board; details of any other listed directorships held by the Director in the preceding 3 years; the term of office already served by the Director; whether the Director is considered to be independent; and a recommendation by the Board in respect of the re-election of the Director
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes Each Director is given a letter upon appointment which outlines the Director's duties, obligations, remuneration, expected time commitments and notification of the Company's policies. Similarly

		senior executives including the CEO and CFO, have a formal job description and services agreement describing their term of office, duties, rights and responsibilities, and entitlements on termination. The Company will disclose the material terms of any employment, service or consultancy agreement it enters into with its CEO (or equivalent).
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes The Company Secretary is responsible for co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, ASX and all statutory and other filings. The Company Secretary is accountable to the Board, and all Directors have access to the Company Secretary. The decision to appoint or remove the Company Secretary is made and/or approved by the Board.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes The Company is committed to the principles of employing people with a broad range of experiences, skills and views. All executives, managers and employees are responsible for promoting workforce diversity. The Company has adopted a Diversity Policy which can be viewed on the Website. The Diversity Policy requires the commitment of the Directors and Senior Management to promote the specific objective of diversity and seeks to ensure, to the extent that is practicable and appropriate, that the Company's director appointment and employee recruitment processes are undertaken with reference to the objectives of the Diversity Policy. The objectives of the Company's Diversity policy are centred on a wide range of diversity criteria including gender, age, ethnicity and cultural background. The Company discloses the proportion of women on the Board, in Senior positions and in the company as a whole. Measurable objectives have been specified and the company has exceeded the objectives since the inception of the policy.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes The Directors undertake an annual process to review the performance and effectiveness of the Board, the Board Committees and individual directors. The CEO leads a discussion and provides feedback to individual Directors as necessary.

1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes The Company's Chief Executive Officer evaluates the performance of the Group's senior executives annually. The Nomination and Remuneration Committee reviews the Chief Executive Officer's performance annually. The Committee also reviews and approves senior management bonuses. Evaluations were undertaken this year.
2.	Structure the board to add value	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively	Yes The Board has a formal Nomination & Remuneration Committee comprising two independent directors and the CEO. Current members are Shane Hartwig (Independent Director and Chairman) Christopher Chong (Lead Independent Director), and Estina Ang (CEO). The Nomination & Remuneration Committee's functions and powers are formalised in a Charter and is posted on the Group's website. The number of times that the Nomination & Remuneration Committee met throughout the financial year and the individual attendances of the members at those meetings are disclosed in the Company's Annual Report.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes The Company has a skills matrix which is disclosed in the Directors report.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in item 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director	Yes Currently, the Board comprises four Directors, two independent and two Executives. Christopher Chong (Lead Independent Director), Shane Hartwig (Independent Director), Estina Ang (CEO) and Felicia Gan (Chief Marketing Officer). The Board has considered the circumstances of each Director and determined that all Non-Executive Directors were independent as described in item 2.3 of the Recommendations. The Corporations Act 2001, the Company's Constitution and the Board meeting process requires Directors to advise the Board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual independence. If the Board determines that a Director's status as an independent Director has changed, that determination will be disclosed and explained in a timely manner to the market. The length of service of each Director is set out in the Company's Annual Report. Independent Directors

		formally advise the Board of their independent (or other) status each year.
2.4	A majority of the board of a listed entity should be independent directors.	No Currently, the Board comprises two independent Directors and two executive Directors. Christopher Chong (Lead Independent Director), Shane Hartwig (Independent Director), Estina Ang (CEO) and Felicia Gan (Chief Marketing Officer). The company believes this is an appropriate mix of skills and experience.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No The Chairperson and CEO, Estina Ang Suan Hong, is integral in maintaining the business and important customer and banking relationships. This is commonplace in Asia and reflects 'respect' and economic imperative.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes The Company has procedures and policies in place to assist Directors in fulfilling their responsibilities. Each Director, at any time, is able to seek reasonable independent professional advice on any business-related matter at the expense of the Company. Directors also have access to adequate internal resources to seek any information from any officer or employee of the Company, or to require the attendance of management at meetings to enable them as Directors to fulfil their duties.
3	Act ethically and responsibly	
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it	Yes The Board has established a Code of Conduct which articulates acceptable practices for directors, senior executives and employees, to guide their behaviour and to demonstrate the commitment of the Company to ethical practices.
4.	Safeguard integrity in corporate reporting	
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the	Partly The Board has a formal Audit Committee currently comprising two Independent Directors – Christopher Chong and Shane Hartwig. The role of the Audit Committee is to advise on financial information prepared for use by the Board or for inclusion in financial statements. The Chairman of the Audit Committee is the Lead Independent Director. The Audit Committee's functions and powers are formalised in a Charter and is posted on the Group's website. The number of times that the Audit Committee met throughout the financial year and the individual attendances of the members at those meetings, and the relevant qualifications and experience of the Audit Committee members are disclosed in the Company's Annual Report and below under 'Directors Meetings'.

	external auditor and the rotation of the audit engagement partner.	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Company's financial position and prospects. The Board reviews the Group's half yearly and annual financial statements. The Board requires that the Chief Executive Officer and the Chief Financial Officer state in writing that the Group's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes Shareholders are encouraged to attend the Company's Annual General Meeting, with the auditors available via conference call. Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.
5.	Make timely and balanced disclosure	
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes The Company has a documented policy which has established procedures designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure accountability at a senior management level for that compliance. The focus of these procedures is on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities and improving access to information for all investors. The Chief Executive Officer and the Company Secretary are responsible for interpreting the Group's policy and where necessary informing the Board. The purpose of the procedures for identifying information for disclosure is to ensure timely and accurate information is provided equally to all shareholders and market participants.
6.	Respect the rights of security holders	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes The Board informs shareholders of all major developments affecting the Group's state of affairs as follows: 1. Placing all relevant announcements made to the market, on the Website after they have been released to ASX; 2. Publishing all corporate governance policies and 3. Placing the full text of notices of meeting and explanatory material on the Website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes The Company communicates with its shareholders and investors by posting information via the ASX or website, and by encouraging attendance and

		participation of shareholders at general meetings. Management and/or Directors may meet with shareholders from time to time upon request and respond to any enquiries they may make. The Share Registry 'Link Market Services', also includes an investor relations program, which gives all investors access to information through the market registry
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes Shareholders are encouraged to attend the Company's Annual General Meeting. The AGM is an opportunity for shareholders to hear the Directors provide updates on Company performance, ask questions of the Board and vote on the various resolutions affecting the business. Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes Investors are able communicate with the Company electronically via the website. Investors are also able communicate with the Company's registry electronically by emailing the registry or via the registry's website.
7.	Recognise and manage risk	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Partly The Board is responsible for the management of risk due to the current size of the Board. GLG is committed to embedding risk management practices to support the achievement of business objectives. The Board is responsible for reviewing and overseeing the risk management strategy and for ensuring GLG has an appropriate corporate governance structure. Within that overall strategy, management has designed and implemented a risk management and internal control system to manage material business risks. GLG has implemented a 5-step process to manage risk as follows: 1) Review the Risk context and Identification of specific key risks 2) Analysing and Prioritizing selected risks 3) Evaluation and Treatment of risks 4) Monitoring and Reporting; and 5) Controlling, Communication and Knowledge-Capturing GLG risk categories are: 1) Customer Risks (including their financial conditions, solvency, credit worthiness, etc.) 2) Competitor Risks 3) Investment Risks 4) Operational Risks 5) Outsourced Partner and Contract Manufacturing Risks 6) Legal, Regulatory and Compliance Risks 7) Resources Risks (including HR, IT, etc.) 8) Finance Risks (including liquidity, trade credit financing, forex, etc.)

		9) Reputation Risks 10) External Factors Risks The Management Risk Committee provides reports for Board meetings. The policy is available on the website www.ghimli.com
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes The Board reviews the risk management framework and policies of the Company. The Board has delegated responsibilities to the Management Risk Committee who then provides reports to the Board. The Board is responsible for approving policies on risk assessment and management. A review has been undertaken this year and a new policy approved. The policy is available at www.ghimli.com
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes Management reviews the Company's business units, organisational structure and accounting controls and processes on a regular basis and reports to the Audit Committee and in turn to the Board; the Board is satisfied that the processes in place to identify the Company's material business risks are appropriate and that these risks are being effectively managed. The Group's risk management processes continue to be monitored and reported against. A description of the Group's risk management policy and internal compliance and control systems is available on the Website.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes The Company's operations are not subject to any significant environmental regulations. The Directors believe that the Company has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements.
8.	Remunerate fairly and responsibly	
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes The Board has a formal Nomination and Remuneration Committee comprising three members two of whom are independent and the CEO. Current members are Shane Hartwig (Independent Director and Chairman), Christopher Chong (Lead Independent Director) and Estina Ang (CEO). The role of the Nomination and Remuneration Committee is to review and make recommendations to the Board on remuneration packages and practices applicable to the Chief Executive Officer, Senior Executives and Directors themselves. This role also includes responsibility for share option schemes, incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Nomination and Remuneration Committee may obtain independent advice on the appropriateness of

		remuneration packages. The Nomination and Remuneration Committee's functions and powers are formalised in a Charter and is posted on the Group's website. The number of times that the Nomination and Remuneration Committee met throughout the financial year and the individual attendances of the members at those meetings are disclosed in the Company's Annual Report and below under Directors' Meetings.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Details of the Directors and Key Senior Executives remuneration are set out in the Remuneration Report of the Annual Report. The structure of Non-Executive Directors' remuneration is distinct from that of executives and is further detailed in the Remuneration Section of the Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes Currently, the Company does not have an equity based remuneration scheme.

Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet regularly and follow guidelines set down to ensure all directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are as follows:

Name	Position
Estina Ang Suan Hong	Executive Chairman and Chief Executive Officer
Christopher Chong Meng Tak	Lead Independent Director
Shane Hartwig	Independent Director
Felicia Gan Peiling	Director

The skills, experience and expertise relevant to the position of director as well as the period of office held by each director are set out in the Directors' Report on pages 14 to 15.

Board Responsibilities

As the Board acts on behalf of the shareholders and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board, through the Audit Committee, receives reports from management on an on-going basis as to the material risks associated with the company's operations and the recommended risk mitigation process that they undertake. The Board has established a Code of Conduct which in summary, requires that at all times Directors and employees act with the integrity, objectivity and in compliance with the letter and spirit of the law and company policies. GLG has established a written policy designed to ensure compliance with ASX listing rule disclosure and accountability as senior executive level for compliance.

Under the guidance of the ASX's Corporate Governance Principles and Recommendations (3rd edition), the Board has established a Nomination and Remuneration Committee and an Audit Committee. The name of members of each committee and their attendance at meetings is contained on page 19 of the Annual Report.

The Nomination and Remuneration Committee has established a policy prohibiting transactions in associated products which limit the economic risk of participating in unvested entitlements under equity-based remuneration scheme.

A copy of the Company's Code of Conduct, Audit Committee charter, Nomination and Remuneration Committee charter and the terms and conditions of the continuous disclosure and shareholder communication policy is made publically available on the Company's website.

Diversity

The Company has implemented a Diversity Policy. This policy sets as a target 25% of all Board seats and management positions to be held by women. The Board is also considering other means to encourage diversity. The Company recognises the benefits of a diverse workforce and is committed to providing an environment that encourages diversity. The Board monitors the diversity profile of its workforce. As the Company already has gender diversity as evidenced by the proportion of women reported below, the Board has not set any measurable objectives.

At 30 June 2017, the proportion of women employed by GLG Corp Ltd was:

- Board of Directors 50%
- Senior Executives 57%
- Total Workforce 75%

Dealing in GLG Corporation's Securities by Directors and employees

Directors, officers and employees of the Company are prohibited from trading in GLG securities apart from the period 15 days commencing the day after GLG announces its half-yearly, preliminary final reports and full year accounts. A full outline of the Company's securities trading policy has been made available on the Company website.

Risk Management Policy

Risk is an inherent part of GLG Corp's business, which operates in a highly competitive market sector. GLG Corp is committed to the management of risk as an integral part of its business, focusing on strategies to minimise risk which are regarded as threats to its achievement of objectives and goals.

The objectives of this policy are to:

- Outline the company's approach to risk management;
- Improve decision-making, accountability and outcomes through the effective use of risk management;
- Integrate risk management into daily operations of the company and its outsourced business partners;
- Consider risk appetite in protecting staff and business assets and strategy execution

GLG Corp is committed to managing risk in order to benefit the company and manage the cost of risk. To meet this commitment, risk is every employee's business. All employees are required to be responsible and accountable for managing risk in so far as reasonably practicable within their area of responsibility.

Sound risk management principles and practices must become part of the normal management strategy for all business units within GLC Corp including its outsourcing business partners.

The management of risk is to be integrated into GLG Corp's existing planning and operational processes and fully recognised in GLG Corp's reporting processes.

The following are the specific risk categories included in the risk register and reporting:

- Customer risks (including their financial conditions, solvency, credit worthiness);
- Competitor risks;
- Investment risks;
- Operational risks;
- Outsourced partner and contract manufacturing risks;
- Legal, regulatory and compliance risks (including product liability, legal compliance guideline set by customers);
- Resources risks (including HR, IT, etc.);
- Finance risks (including liquidity, trade credit financing, foreign exchange, etc.);
- Reputation risks; and
- External factor risks

The Management Risk Committee is responsible for reviewing this policy document in conjunction with senior management and staff every year. The outcome of this review process is submitted to the Board for approval. The Management Risk Committee indicates, in its opinion and based on its activities, any significant residual business risks which remain at an unacceptably high level.

Full disclosure of the Company's policies in relation to risk oversight and management of material business risk are made publicly available on the Company website.

Audit Committee

The Audit Committee reviewed the statement of financial position of the consolidated financial statements of the Group for the financial year ended 30 June 2017, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The Audit Committee discussed with Management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgments made in preparing the financial statements.

The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the Audit Committee:

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
Acquisition of the Maxim entities during the year ended 30 June 2017	The Audit Committee considered the approach and methodology applied to the business acquisition of the two Maxim entities, including the assessment of the contingent consideration which is eliminated on consolidation. As both acquirer and acquiree are under the common control of Ghim Li Group Pte Ltd, the pooling of interest methodology was used. As such, the prior year comparatives of the Maxim entities financial statements were restated to reflect the acquisition from the earliest reported period. The Audit Committee and Board of directors applied judgement to ensure that the excess of the purchase consideration over the equity acquired was reflected as a merger reserve within equity. This acquisition, by virtue of its materiality and its accounting complexities under common control was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 30 June 2017
Valuation of GLIT Receivable in the Balance Sheet as of 30 June 2017	The Audit Committee assessed the valuation of the GLIT Receivable and evaluated that the receivable is recoverable at the reporting date, based on assumptions specifically on the accessibility of trust receipts available for offset, and the amount of available guarantees in place. We considered that this GLIT Receivable is expected due to the commercial nature of the Group's business, but will see a decrease, with lesser reliance on GLIT in the future. The acquisition of Ghim Li Fashion (M) Sdn Bhd by the Group on 30 June 2017 resulted in the decrease in GLIT Receivables by US\$5m for the purchase consideration of this acquisition. The valuation of GLIT Receivable was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 30 June 2017

Other Information

The Company's corporate governance practices and policies in relation to the matters reserved to the board, matters delegated to senior executives and a copy of the board charter are publicly available at the Company's registered office. The policies have also been posted on the Company's website.

Directors' report

The Directors of GLG Corp Ltd ("GLG" or "the Company") submit herewith the annual financial report of the Company for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about the Directors and senior management

The names and particulars of the Directors of the Company during and since the end of the financial year are:

Estina Ang Suan Hong

Executive Chairman Estina Ang Suan Hong is the founder of GLG Corp Ltd and was appointed to the Board in 2005. Ms Ang is the Executive Chairman of GLG and is a member of the Nomination and Remuneration committee.

Ms Ang has over 35 years of experience in the textile and apparel industry. She began her career in the industry in 1975, working for Polly Allied Knitwear Pte Ltd, a Singapore based apparel group.

Under her leadership, GLG Corp Ltd has established itself as a global supplier of quality apparel to major retailers in the USA and throughout Europe. Ms Ang also spearheaded the business expansion into USA, Guatemala and Hong Kong.

Ms Ang graduated from Nanyang University in 1974 with a Bachelor of Arts degree, and is a member of the Singapore Institute of Directors.

Christopher Chong Meng Tak

Lead Independent Director, joined the Board on 12 October 2005. Mr Chong is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee.

Mr Chong is a partner of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore, and, an Associate of Shadforths Limited, a leading financial firm in Tasmania, Australia. Prior to co-founding ACH Investments Pte Ltd, Mr Chong was a multi-award winning equity analyst and the Managing Director of HSBC James Capel Securities (Singapore) Pte Ltd, (now known as HSBC Securities (Singapore) Pte Ltd), a member of the Hong Kong Bank Group of companies. Mr Chong is an independent director of several public listed companies. Mr Chong is also a Director and/or advisor to many private companies and many Asian families and the judicial branch of the Singapore government.

Mr Chong has extensive Asia Pacific experience having previously also been an advisor to listed companies on the Exchange of Hong Kong, Jakarta (Indonesia), Kuala Lumpur (Malaysia), Makati (Philippines) and Bangkok (Thailand). Mr Chong is a fellow of the Australia Institute of Company Directors, a fellow of the Singapore Institute of Directors and a Master Stockbroker of the Securities and Derivatives Industry Association of Australia.

Mr Chong has received a B.Sc. (Economics) from the University College of Wales, an MBA from London Business School and is a member of the Institute of Chartered Accountants of Scotland.

Shane Hartwig

Mr Hartwig is a Certified Practicing Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia. He was appointed to the Board on 2 December 2014. Mr Hartwig is a member of the Audit Committee and the Chairman of the Nomination and Remuneration Committee.

Mr Hartwig is involved in the areas of initial public offerings, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice. Mr Hartwig has over 20 years' experience in the finance industry both nationally and internationally with exposure to both the debt and equity capital markets.

Mr Hartwig was previously the Company Secretary of GLG Corp Ltd until July 2011.

Felicia Gan Peiling

Ms Gan joined the Board on 15 September 2015. Ms Gan joined the Company in 2006 as a legal officer responsible for the legal compliance office. Ms Gan is currently responsible for the overall management of Business Development, Sales & Marketing Teams including Outsourced Manufacturing and Product, Development and Design departments. Ms Gan builds, direct and drives the annual strategic sales and marketing plan and implements marketing strategies to identify and develop new customers and business opportunities on a global scale.

Ms Gan graduated with a Bachelor of Laws (Honours) from University of Nottingham in 2003 and was admitted to the Singapore Bar in May 2005. She is a member of the Singapore Academy of Law and a management committee member of the Textile Apparel Fashion Federation Singapore.

Board Skills Matrix

Skills	Description	Number of Directors
Strategic and commercial acumen	The ability to define strategic objectives, constructively question business plans and implement strategy using commercial judgment.	4
Financial acumen	Financial knowledge, accounting or related financial management qualifications and experience	3
Risk and compliance	An understanding of compliance matters and risk management, including environmental, technological and governance risk	4
Executive leadership	Experience in senior leadership roles, including on the boards of other listed companies.	1
Diversity	The ability to contribute to inclusion and diversity.	4
International/global	Senior leadership experience across a range of international businesses and exposure to a range of political, cultural, regulatory and business environments	4

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Christopher Chong Meng Tak	ASL Marine Holdings Ltd	Since 03 January 2006
	Singapore O&G Ltd	Since 14 May 2015
	Emerging Towns & Cities Singapore Ltd (formerly known as Cedar Strategic Holdings Ltd)	Since 24 June 2015
	Forise International Ltd	Since 19 August 2015
	Lorenzo Ltd	Ceased 7 October 2014
	Koon Holdings Ltd	Ceased 31 December 2016
	Yingli International Real Estate Ltd	Ceased 28 Apr 2017

Former partners of the audit firm

No officer of the Company has been a partner in an audit firm, or a director of an audit company that is an auditor of the Company during the period or was such a partner or director at a time when the audit firm or the audit company undertook an audit of the Company.

Directors' shareholdings

The following table sets out each director's relevant interest in shares or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully Paid Ordinary Shares Number	Share options Number
Estina Ang Suan Hong	50,116,000	-
Felicia Gan Peiling	2,222,000	-
Christopher Chong Meng Tak	110,001	-
Shane Hartwig	0	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 20 to 26.

Share options granted to directors and senior management

During and since the end of the financial year no share options (2016: nil) were granted to the directors as part of their remuneration.

Company Secretary

Mr Alistair Chong was appointed as Company Secretary on the 14th November 2016. Mr Chong holds a B.Comm and MBA through the University of Tasmania, and a GIA (Cert) with the Governance Institute of Australia. Mr Chong has extensive knowledge in the areas of change management, company HR practices, and organisational change, as he is a current tutor in these subject areas at the University of Tasmania, and has been tutoring there for five years.

Principal Activities

The consolidated entity's principal activities in the course of the financial year were being a global supplier of knitwear/apparel and supply chain management operations.

Review of Operations

For the current fiscal year in 2017, the Company has seen continued progress in its implementation of the strategic plan to become a vertical-integrated and textile manufacturing, supply chain business from its original state of being just a trading agent. To achieve this goal, in early 2015, the company built its maiden garment factory in Vietnam (which started production in March 2017), and in late 2016 completed the acquisition of a fabric mill in Malaysia. This has enhanced the capability of the Company in providing design, innovation services and producing all kinds of knitted fabric. In June 2017, GLG added its in-house manufacturing capacity by acquiring another garment factory, again in Malaysia.

Besides embarking on non-organic growth, to improve its competitiveness in the market, GLG has differentiated itself with its process innovation of securing self-inspection and lab approval for its end-product with its key customers. Also, this fiscal year saw the incremental innovation in enhancing its existing product portfolio by selling directly to end-customers on Landed Duty Paid (LDP) basis. This new LDP business represents another step towards adding more value to our customers, using a total supply-chain solutions approach by bringing the final product from door-to-door, i.e. from our fabric mill through to final production in garment factories, and ultimate delivery to the receiving dock of our customers.

This entire value chain ranging from product design, process innovation through knitted fabric manufacturing to last-mile delivery of knitted garments to our customers' doorstep is now embedded into our current financial results ended 30 June 2017.

Comparison of Consolidated Statement of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2017 with that of 30 June 2016.

GLG's sales decreased by US\$14,991 thousand, or 8.8% to US\$156,041 thousand compared to sales of US\$171,032 thousand in the previous year.

Sales from FOB business decreased by US\$25,291 thousand, or 14.8% to US\$145,506 thousand compared to US\$170,797 thousand in the previous year. The decline in sales was mainly attributed to continued weakness in our end-customers' retail apparel market. These end-customers have been facing intense competition and losing market share to on-line retailers.

LDP business contributed US\$10,115 thousand, or 6.5% to GLG's sales with gross profit margin of 31%. When GLG increases its LDP business, the sales and gross profit margin will continue to improve. It is worthy to note that LDP revenues include logistics and customs duty cost which are then deducted below the gross profit level.

Gross profit margin for the Textile (Fabric) segment increased to 10.8% compared to 9.0% in the previous year. The increase was largely attributable to improved production efficiency and lower yarn cost.

Despite the higher gross profit margin generated from garment and Textile segment, the group reported only a slight increase in gross profit margin from 13.4% in the previous year to 13.8% for the current year ended 30 June 2017. This was due to lower gross profit margin recorded for FOB business of 9.8% compared to 11.5% in the previous year.

Selling and distribution cost increased by 28.8% to US\$3,410 thousand compared to US\$2,648 thousand in the previous year. The increase in expenses was mainly due to the customs duties and freight costs incurred on outbound shipments to LDP customer from door-to-door, compared with the mainstream FOB business, where our delivery obligation terminates at the Port of Departure.

Administration expense decreased by 6.2% to US\$10,244 thousand compared to US\$10,924 thousand in the previous year. This reduction in expenses was achieved through a streamlining of processes and internal restructuring.

Review of Operations (cont'd)

Finance cost decreased by 8.4% to US\$1,215 thousand compared to US\$1,327 thousand in the previous year, as the company did not have to incur financing cost associated with a previous customer for export trade financing.

GLG's profit after tax decreased by 13.1% to US\$4,193 thousand, compared with US\$4,827 thousand in the previous year. The reduction in profit after tax was mainly due to lower sales and pre-production costs incurred at the Vietnam garment factory.

Comparison of the Consolidated Statement of Financial Position as at 30 June 2017 with that of 30 June 2016.

Trade and other receivables increased by 13.9% to US\$68,534 thousand as at 30 June 2017 compared to US\$60,190 thousand as at 30 June 2016. The increase was primarily due to extended credit given to core customers in the current year.

Inventory increased by 6.8% to US\$12,515 thousand as at 30 June 2017 compared to US\$11,715 thousand as at 30 June 2016, because of an increase in the Maxim's fabric mill inventory for raw materials and work-in-process.

Non-current other assets increased by 88% to US\$2,615 thousand as at 30 June 2017 compared to US\$1,391 thousand as at 30 June 2016, the increase was primarily due to the payment of infrastructure costs in Vietnam on an operating lease to an external party for the usage of land.

Property, plant and equipment increased by 29.3% to US\$34,047 thousand as at 30 June 2017 compared to US\$26,337 thousand as at 30 June 2016, the increase was due to the cost of investment in new machinery for the Vietnam garment factory and Maxim fabric mill. Correspondingly, this led to the current and long-term borrowings increased by 27.2%, to US\$64,702 thousand as at 30 June 2017 compared to US\$50,866 thousand as at 30 June 2016.

Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2017 with that of 30 June 2016.

GLG's cash from operating activities decreased by 57.4% to US\$1,378 thousand as at 30 June 2017 compared to US\$3,237 thousand as at 30 June 2016. The decrease was due to the decline in lower sales for the financial year.

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

Changes in state of affairs

On 12 December 2016, Ghim Li International (S) Pte Ltd, a subsidiary of GLG Corp Ltd, acquired 100% of the ordinary shares of Maxim Textile Technology Pte Ltd, a company incorporated in Singapore and Maxim Textile Technology Sdn Bhd, a fabric company in Malaysia for total consideration of US\$20,000,000.

As the Maxim group was acquired under common control, the prior comparatives were restated to reflect the acquisition from the earliest reported period, being 1 July 2015, in accordance with the pooling of interest method of accounting.

On 30 June 2017, Ghim Li International (S) Pte Ltd, a subsidiary of GLG Corp Ltd, acquired 100% of the ordinary share of Ghim Li Fashion (M) Sdn Bhd, a company incorporated in Malaysia. This is a business which engages in the manufacturing of garments for a total consideration of US\$5,000,000.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Dividends

In respect of the financial year ended 30 June 2017, the Directors do not recommend the payment of a final dividend and no interim dividend was paid. In respect of the financial year ended 30 June 2016, no dividend was declared.

Subsequent events

There have been no subsequent events after the year ended 30 June 2017 to the date of this report.

Future Developments

The consolidated entity is expanding fabric suppliers to include fashion novelty and also to increase the amount of work with outsourced factories. The performance depends on many economic and industry factors. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, performance of the Consolidated Entity's or the forecast of the likely result of the Consolidated Entity's activities.

Environmental Regulation

The consolidated Entity is not subject to any particular or significant environmental regulation.

Shares under option or issued on exercise of options

There are no shares under option or issues on exercise of options during the year (2016: Nil).

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year 4 Board meetings, 3 Nomination and Remuneration Committee meeting and 3 Audit Committee meetings were held:

<i>Directors</i>	<i>Board of directors</i>		<i>Nomination & remuneration committee</i>		<i>Audit committee</i>	
	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>
Estina Ang Suan Hong	4	4	3	3	3	3
Christopher Chong Meng Tak	4	4	3	3	3	3
Shane Hartwig	4	3	3	2	3	2
Felicia Gan Peiling	4	4	3	3	3	3

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 33 of the financial report.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 33 to the full financial statements do not compromise the external auditors' independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 28 of this report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration Report (audited)

This Remuneration report, which forms part of the Directors' report, sets out information about the remuneration of GLG's directors and its senior management for the financial year ended 30 June 2017. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management.
- key terms of employment contracts

Director and senior management details

The following persons acted as directors of the Company during or since the end of the financial year:

- Estina Ang Suan Hong as Executive Chairman and Chief Executive Officer
- Christopher Chong Meng Tak as Lead Independent Director
- Shane Hartwig as Independent Director
- Felicia Gan Peiling as Chief Marketing Officer

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Susan Yong as Executive Vice President - Operations
- Cheah Eng Kean as EVP, Marketing & Contract Manufacturing (resigned on 19 September 2016)
- Shawn Fung as Chief Financial Officer

Remuneration policy

The remuneration for Key Management Personnel is determined as follows:

- For the Executive Chairman, Chief Executive Officer, by the Nominations and Remuneration Committee and by the Board and with a view to attract, retain and develop appropriately skilled people. Remuneration is reviewed on an annual basis having regard to personal and corporate performance and relevant comparative information.
- The remuneration of non-executive directors may not exceed in aggregate in any financial period the amount fixed by the Company at the general meeting. The amount has not changed since the Company listed in 2005.
- For executives, the Nomination and Remuneration Committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval. Remuneration is reviewed on an annual basis having regard to personal and corporate performance and relevant comparative information.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2017:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from all sources	156,041	171,435	180,343	226,718	230,884
Net profit before tax	4,477	6,476	3,865	4,681	3,592
Net profit after tax	4,193	4,827	3,148	4,038	3,115
Share price at start of year	\$0.15	\$0.18	\$0.24	\$0.28	\$0.21
Share price at end of year	\$0.19	\$0.15	\$0.18	\$0.24	\$0.28
Final Dividend (unfranked)	-	-	-	-	-
Basic earnings per share	5.66 cps	6.51 cps	4.25 cps	5.45 cps	4.20 cps
Diluted earnings per share	5.66 cps	6.51 cps	4.25 cps	5.45 cps	4.20 cps

GLG Corp Ltd employees may be entitled to receive a discretionary bonus, as set and agreed by senior management and / or the Nomination and Remuneration Committee. These bonuses are accrued prior to year-end based on the expected bonuses to be paid, however the amounts may not be finalized or paid until a future date that is not necessarily within 12 months of balance sheet date. As a result, there is a difference in timing of the accrual of the bonus and the timing of the payment of the bonus.

Remuneration of directors and senior management (cont'd)

Each executive director of the Company has entered into an Executive Service Agreement with Ghim Li Global Pte Ltd, a major subsidiary of GLG. They are not remunerated separately for being a director or executive of the Company or other operating entities. Under their respective terms of engagement, all executives:

- commenced their terms as an executive of Ghim Li Global Pte Ltd for a 3-year term, and thereafter their engagement automatically continues from year to year, unless their Executive Service Agreement is terminated;
- are covenanted to not compete against GLG's operations for a period of 12 months after cessation of employment with GLG;
- agree that either party may terminate their Executive Service Agreement by giving 3 months written notice. In addition, Ghim Li Global Pte Ltd may without prior notice terminate their Service Agreements under certain conditions, for example, if the executive commits a serious breach of his or her obligations, or is guilty of grave misconduct in the discharge of his or her duties, or becomes bankrupt.

The service agreements contain otherwise standard terms, including with regard to each executive's duties, GLG owns any intellectual property created by its executives, confidentiality, entitlements to minor benefits in addition to their remuneration, and devoting substantially the whole of their time and attention during business hours to the discharge of their duties.

Each executive director receives a salary per month. They may also be entitled to an annual bonus determined by the Nomination and Remuneration Committee, in its absolute discretion.

Each of the key managers have entered into a service agreement with Ghim Li Global Pte Ltd, the general terms of which are not materially different to those of the executive directors described above.

Each key manager receives a salary per month, reviewed by the Chief Executive Officer annually with reference to the progress of GLG. Each may also be entitled to an annual bonus determined by the Chief Executive Officer, reviewed by the Nomination and Remuneration Committee, and approved by the Board taking into account overall management performance and the Company's profit for the year.

Elements of Key Management Personnel remuneration

Remuneration packages contain the following key elements:

- (a) Short-term employment benefits – salaries/fees, bonuses; and
- (b) Post-employment benefits

Remuneration of directors and senior management (cont'd)

2017	Short term employment benefits				Post-employment benefits super - annuation	Other long-term employee benefits	Share based payments, options & rights	Total
	Salary & fees	Bonus	Non-monetary	Other				
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Directors								
Estina Ang Suan Hong ¹	572,759	82,999	-	-	6,534	-	-	662,292
Christopher Chong Meng Tak	38,566	-	-	-	-	-	-	38,566
Shane Hartwig	27,091	-	-	-	-	-	-	27,091
Felicia Gan Peiling ¹	121,401	19,090	-	-	12,059	-	-	152,550
	759,817	102,089	-	-	18,593	-	-	880,499
Executives								
Shawn Fung	145,209	11,758	-	-	8,268	-	-	165,235
Cheah Eng Kean ²	31,463	-	-	-	1,511	-	-	32,974
Susan Yong	140,410	12,450	-	-	8,358	-	-	161,218
	317,082	24,208	-	-	18,137	-	-	359,427
Total	1,076,899	126,297	-	-	36,730	-	-	1,239,926

1. Estina Ang Suan Hong and Felicia Gan Peiling are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer; Felicia Gan Peiling is Chief Marketing Officer.

2. Cheah Eng Kean appointed as EVP, Marketing & Contract Manufacturing resigned on 19 September 2016.

Remuneration of directors and senior management (cont'd)

2016	Short term employment benefits				Post-employment benefits super - annuation	Other long term employee benefits	Share based payments, options & rights	Total
	Salary & fees	Bonus	Non-monetary	Other				
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Directors								
Estina Ang Suan Hong ¹	479,445	105,977	-	-	4,580	-	-	590,002
Christopher Chong Meng Tak	36,465	-	-	-	-	-	-	36,465
Por Khay Ti ²	36,754	-	-	-	625	-	-	37,379
Shane Hartwig	24,724	-	-	-	-	-	-	24,724
Felicia Gan Peiling ¹	121,337	17,663	-	-	11,080	-	-	150,080
	698,725	123,640	-	-	16,285	-	-	838,650
Executives								
Shawn Fung ³	10,988	-	-	-	565	-	-	11,553
Cheah Eng Kean ⁴	38,144	-	-	-	1,194	-	-	39,338
Susan Yong	140,336	12,717	-	-	7,615	-	-	160,668
Timothy Ngui ⁵	113,564	6,217	-	-	9,134	-	-	128,915
	303,032	18,934	-	-	18,508	-	-	340,474
Total	1,001,757	142,574	-	-	34,793	-	-	1,179,124

1. Estina Ang Suan Hong and Felicia Gan Peiling (appointed as an Executive 15 September 2015) are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer; Felicia Gan Peiling is Chief Marketing Officer.
2. Por Khay Ti resigned 3 August 2015.
3. Shawn Fung appointed as Chief Financial Officer on 13 June 2016.
4. Cheah Eng Kean appointed as EVP, Marketing & Contract Manufacturing on 1 April 2016 (resigned on 19 September 2016).
5. Timothy Ngui left the company in September 2016.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2017	2016	2017	2016
Directors				
Estina Ang Suan Hong	87.5%	82.0%	12.5%	18.0%
Christopher Chong Meng Tak	100%	100%	-	-
Por Khay Ti	-	100%	-	-
Shane Hartwig	100%	100%	-	-
Felicia Gan Peiling	87.5%	88.2%	12.5%	11.8%
Executives				
Shawn Fung	92.9%	100%	7.1%	-
Timothy Ngui	-	95.2%	-	4.8%
Cheah Eng Kean	100%	100%	-	-
Susan Yong	92.3%	92.1%	7.7%	7.9%

Note: Fixed remuneration consists of base pay plus other fixed allowances paid to the individual on a regular basis, whilst Performance-linked remuneration refers to variable bonus paid to the individual, dependent on company financial results and individual's performance.

Bonuses payment as compensation for the current financial year

Cash Bonuses

Estina Ang Suan Hong was granted a cash bonus on 24 January 2017 of US\$82,999 (FY2016: US\$105,977) during the financial year ended 30 June 2017. The cash bonus was given for her stewardship as Chief Executive Officer on the company's overall performance. The full amount of the bonus was paid on 25 January 2017.

Felicia Gan Peiling was granted a cash bonus on 24 January 2017 of US\$19,090 (FY2016: US\$17,663) during the financial year ended 30 June 2017. The cash bonus was given for her contribution as the Chief Marketing Officer for on-going business development and management of Sales, Marketing, Product Design and Development. The full amount of the bonus was paid on 25 January 2017.

Shawn Fung was granted a cash bonus on 24 January 2017 of US\$11,758 (FY2016: Not applicable) during the financial year ended 30 June 2017. The cash bonus was given for his contribution as Chief Financial Officer. The full amount of the bonus was paid on 25 January 2017.

Susan Yong was granted a cash bonus on 24 January 2017 of US\$12,450 (FY2016: US\$12,717) during the financial year ended 30 June 2017. The cash bonus was given for her contribution as Executive Vice President Operations for her achievements in operational efficiencies and overall cost reduction. The full amount of the bonus was paid on 25 January 2017.

Loans to Key Management Personnel

The Group has not provided any loans to key management personnel.

Other transactions with Key Management Personnel in the Group

There have been no other transactions between the Group and key management personnel.

Key Management Personnel equity holdings

Fully paid ordinary shares of GLG Corp Ltd

	Balance at 1 July No.	Granted as compensation No.	Net other change No.	Balance at resignation date No.	Balance at 30 June No.
2017					
Estina Ang Suan Hong	54,560,000	-	(4,444,000)	-	50,116,000
Felicia Gan Peiling	-	-	2,222,000	-	2,222,000
Christopher Chong Meng Tak	160,007	-	(50,006)	-	110,001
2016					
Estina Ang Suan Hong	54,560,000	-	-	-	54,560,000
Christopher Chong Meng Tak	160,007	-	-	-	160,007

Key terms of employment contract

A summary of the key term of employment are set out below:

Position	Key term of service agreements
Chief Executive Officer	• Base salary: US\$522,759 (SG\$726,000) excluding superannuation. The contract for remuneration is in Singapore Dollars. • Term: no fixed term • Base remuneration: Reviewed annually by the Nomination and Remuneration Committee. • Bonus entitlements: Determined annually by the Nomination and Remuneration Committee. • Termination notice period: 6 months' notice or without notice in the event of serious misconduct. • Termination payment: in lieu of notice • Restraint and confidentiality provisions.
Executive Director	• Base salary: US\$121,401 (SG\$165,600) excluding superannuation. The contract for remuneration is in Singapore Dollars. • Term: no fixed term • Base remuneration: Reviewed annually by the Nomination and Remuneration Committee. • Bonus entitlements: Determined annually by the Nomination and Remuneration Committee. • Termination notice period: 3 months' notice or without notice in the event of serious misconduct. • Termination payment: in lieu of notice • Restraint and confidentiality provisions.
Senior Management	• Base salary: refer to remuneration of directors and senior management for individual's salary • Term: no fixed term • Base remuneration: Reviewed annually by the Nomination and Remuneration Committee. • Bonus entitlements: Determined annually by the Nomination and Remuneration Committee. • Termination notice period: one month' notice or without notice in the event of serious misconduct. • Termination payment: in lieu of notice • Restraint and confidentiality provisions.

This concludes the Remuneration Report, which has been audited.

The Directors' report is signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On the behalf of the Director

A handwritten signature in black ink, appearing to be 'Estina Ang Suan Hong', written over a large, stylized circular mark.

Estina Ang Suan Hong, CEO

Singapore,

20 SEP 2017

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF GLG CORP LTD

As lead auditor of GLG Corp Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GLG Corp Ltd and the entities it controlled during the year.



John Bresolin
Partner

BDO East Coast Partnership

Sydney, 20 September 2017

INDEPENDENT AUDITOR'S REPORT

To the members of GLG Corp Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GLG Corp Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the acquisition of the Maxim Group

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
As disclosed in note 35, the Group acquired the Maxim Group during the year ended 30 June 2017. This transaction is significant to our audit because the material acquisition was one under common control as both the acquirer and the acquiree are controlled by Ghim Li Group Pte Ltd (the ultimate parent entity). Given the complexities associated with accounting for a transaction under common control, the Group applied judgements to ensure the excess of the purchase consideration over the equity acquired was properly reflected within equity as a merger reserve.	To determine whether the transaction was properly accounted for and disclosed in accordance with accounting standards, our audit procedures included, amongst others, the following procedures: • Agreed that the details of the purchase agreement have been correctly reflected in the acquisition accounting entries and assessed the accuracy of the related merger reserve calculations. • Ensured comparatives of the Maxim Group within the financial statements and notes were restated to reflect the acquisition from the earliest comparatives presented.

Valuation of the GLIT receivable

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
The valuation of the GLIT receivable as disclosed in note 11 and 12, is significant to our audit because as at 30 June 2017 the balance was \$46,309,000, which is material. The valuation process used by the Group to assess recoverability is judgemental and is based on assumptions, specifically those in relation to trust receipts and amounts of available guarantees.	To determine whether the receivable was recoverable at the reporting date, our audit procedures included, amongst others, the following procedures: • Assessed managements' evaluation of the recoverability of the receivable and considered the accessibility of trust receipts available for offset against the GLIT receivable. We also assessed the rationale and suitability of guarantees in place that are able to serve as collateral for the receivable.

- Analysed average turnover of the receivable balance during the year in order to ascertain whether the recoverability of the receivable would occur within a reasonable timeframe.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report (excluding the audited Remuneration report section) and the Corporate Governance Report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report and the Annual Report to Shareholders (including the Chairperson's/ CEO's Speech and Financial Highlights, Operational Highlights and People Highlights for the year), which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of GLG Corp Ltd, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership



John Bresolin
Partner

Sydney, 20 September 2017

Directors' declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On the behalf of the Director



Estina Ang Suan Hong, CEO
Singapore,

20 SEP 2017

Consolidated Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2017

		Consolidated	
	Note	2017 US\$'000	2016 US\$'000
Revenue	5	156,041	171,032
Cost of sales		(134,570)	(148,174)
Gross profit		21,471	22,858
Other income	5	344	1,295
Distribution expenses		(3,410)	(2,648)
Administration expenses	6	(10,244)	(10,924)
Finance costs	7	(1,215)	(1,327)
Other expenses	8	(2,469)	(2,778)
Profit before income tax expense		4,477	6,476
Income tax expense	10	(284)	(1,649)
Profit for the year		4,193	4,827
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation deficit, on land and building, net of tax		(381)	(1,933)
Other comprehensive income, net of tax		(381)	(1,933)
Total comprehensive income for the year		3,812	2,894
Earnings per share:			
From continuing operations:			
Basic (cents per share)	23	5.66	6.51
Diluted (cents per share)	23	5.66	6.51

Notes to the financial statements are included on page 38 to 81

Consolidated Statement of financial position as at 30 June 2017

	Note	Consolidated	
		2017 US\$'000	2016 US\$'000
Current assets			
Cash and cash equivalents	28(a)	6,881	7,908
Trade and other receivables	11	68,534	60,190
Inventory	13	12,515	11,715
Other assets	16	1,725	445
Other financial assets	12	344	344
Total current assets		89,999	80,602
Non-current assets			
Other assets	16	2,615	1,391
Other financial assets	12	6,871	7,333
Investments accounted for using the equity method	14	-	-
Investment property	17	3,762	4,014
Intangible assets	18	1,853	-
Property, plant and equipment	15	34,047	26,337
Total non-current assets		49,148	39,075
Total assets		139,147	119,677
Current liabilities			
Trade and other payables	19	25,580	23,097
Borrowings	20	53,824	41,336
Current tax liabilities	10(b)	694	1,154
Total current liabilities		80,098	65,587
Non-current liabilities			
Borrowings	20	10,878	9,530
Deferred tax liabilities	10(c)	1,077	1,278
Total non-current liabilities		11,955	10,808
Total liabilities		92,053	76,395
Net assets		47,094	43,282
Equity			
Issued capital	21	10,322	10,322
Revaluation reserves	29	3,599	3,980
Merger reserves	29	(14,812)	(14,812)
Retained earnings	22	47,985	43,792
Total equity		47,094	43,282

Notes to the financial statements are included on pages 38 to 81

Consolidated Statement of changes in equity for the financial year ended 30 June 2017

	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 2015	10,322	5,913	(14,812)	38,965	40,388
Profit for the year	-	-	-	4,827	4,827
Other comprehensive income for the year	-	(1,933)	-	-	(1,933)
Total comprehensive income for the year	-	(1,933)	-	4,827	2,894
Balance at 30 June 2016	10,322	3,980	(14,812)	43,792	43,282
Balance at 1 July 2016	10,322	3,980	(14,812)	43,792	43,282
Profit for the year	-	-	-	4,193	4,193
Other comprehensive income for the year	-	(381)	-	-	(381)
Total comprehensive income for the year	-	(381)	-	4,193	3,812
Balance at 30 June 2017	10,322	3,599	(14,812)	47,985	47,094

Notes to the financial statements are included on pages 38 to 81

Consolidated Statement of cash flows for the financial year ended 30 June 2017

	Note	Consolidated	
		2017 US\$'000	2016 US\$'000
Cash flows from operating activities			
Receipts from customers		151,676	175,835
Payments to suppliers and employees		(148,457)	(171,024)
Interest income		15	15
Interest and other costs of finance paid		(911)	(1,045)
Income tax paid		(945)	(544)
Net cash provided by operating activities	28(c)	1,378	3,237
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2	114
Payment for property, plant and equipment		(9,223)	(6,557)
Payment for software		(13)	-
Net cash used in investing activities		(9,234)	(6,443)
Cash flows from financing activities			
Net proceeds from/ (repayment of) borrowings		13,734	(8,216)
(Advanced to)/ received from related parties		(488)	482
(Advanced to)/ received from other parties - GLIT		(6,417)	7,905
Net cash provided by/(used in) financing activities		6,829	171
Net decrease in cash and cash equivalents		(1,027)	(3,035)
Cash and cash equivalents at the beginning of the financial year		7,908	10,943
Cash and cash equivalents at the end of the financial year	28(a)	6,881	7,908

Notes to the financial statements are included on pages 38 to 81

Notes to the financial report

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	Principal place of business
L40 100 Miller St North Sydney NSW 2060 Australia	21 Jalan Mesin, Singapore 368819

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

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report comprises the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statement, the company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 20th September 2017.

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.

Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year as a result of the common control acquisition (Refer to Note 35).

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 15 for further details
- Investment properties - Level 3 – refer to Note 17 for further details
- Contingent consideration - Level 3 – refer to Note 35 for further details.

2. Significant accounting policies (cont'd)

Adoption of new and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>AASB 9 Financial Instruments, and the relevant amending standards</i>	1 January 2018	30 June 2019
<i>AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15, AASB 2016-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15' AASB 16 Leases</i>	1 January 2018	30 June 2019
<i>AASB 2017-2 'Amendments to Australian Accounting Standards – Disclosure Initiative; Amendments to AASB 107'</i>	1 January 2019 1 January 2017	30 June 2020 30 June 2018
<i>AASB 2017-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'</i>	1 January 2018	30 June 2019

As at the date of the report management are quantifying the impact, if any, on the adoption of the above accounting standards. However, management do note that *AASB 16* is expected to impact GLG as the operating leases entered into by the company will be brought onto the statement of financial position as a right to use asset and liability.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Control is achieved when the company:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Total comprehensive income of subsidiaries is attributed to the owners of the Company.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

A list of subsidiaries appears in note 27 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Refer further to Note 35 in respect of the common control acquisition during the year.

(b) Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars, which is the functional currency of GLG Corp Ltd and the presentation currency for the consolidated financial statements. All subsidiaries of GLG Corp Ltd have functional currency of United States dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

- (i) exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- (ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- (iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

2. Significant accounting policies (cont'd)

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(d) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost less impairment, if any, in the Company's financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Company's financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

2. Significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized through profit and loss.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial assets and also recognises collateralised borrowings for the proceeds received.

(e) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Significant accounting policies (cont'd)

(f) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(h) Financial instruments issued by the Company

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. Impairment of receivables and impairment of goodwill are two key areas of estimates and judgements. Refer to Notes 11 and 18 for further details. Additionally, the estimates related to the revaluation of property plant and equipment and investment property are also key areas of estimates and judgements. Refer to Notes 15 and 17 for further details.

4. 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 and management do not review information by geographic segment nor do they review segment assets or liabilities

Revenues of \$48,736 thousand (2016: \$53,684 thousand), \$48,146 thousand (2016: \$51,810 thousand) and \$31,151 thousand (2016: \$29,106) are derived from three single customers of the Company. Each of these separate revenues amount to more than 10% of the Company's revenues from external customers.

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

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

Types of products and services

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

Fabric	the manufacture and wholesaling of fabric
Garments	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.

Operating segment information

	Fabric	Garments	Intersegment eliminations	Total
Consolidated – 30 June 2017	US\$'000	US\$'000	US\$'000	US\$'000
Revenue				
Sales to external customers	420	155,621	-	156,041
Intersegment sales	36,768	-	(36,768)	-
Total revenue	37,188	155,621	(36,768)	156,041
Interest received	9	6	-	15
Depreciation	1,929	303	-	2,233
EBIT	3,008	2,684	-	5,692
Finance costs				(1,215)
Profit before income tax expense				4,477
Income tax expense				(284)
Profit after income tax expense				4,193

4. Segment information (cont'd)

	Fabric	Garments	Intersegmen t eliminations	Total
Consolidated – 30 June 2016	US\$'000	US\$'000	US\$'000	US\$'000
Revenue				
Sales to external customers	235	170,797	-	171,032
Intersegment sales	35,399	-	(35,399)	-
Total revenue	35,634	170,797	(35,399)	171,032
Interest revenue	6	9	-	15
Depreciation	1,882	232	-	2,114
EBIT	3,403	4,400	-	7,803
Finance costs				(1,327)
Profit before income tax expense				6,476
Income tax expense				(1,649)
Profit after income tax expense				4,827

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

	Fabric	
	2017 US\$'000	2016 US\$'000
India	-	10
Malaysia	137	128
Singapore	252	97
Sri Lanka	31	-
	420	235

	Garments	
	2017 US\$'000	2016 US\$'000
Canada	31,171	29,110
Europe	10,161	11,491
Japan	98	44
Singapore	196	31
United Kingdom	-	182
USA	113,995	129,939
	155,621	170,797

5. Revenue

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to buyers' forwarders which is taken to be the point in time when the buyers have accepted the goods and the related risks and rewards of ownership.

Rendering of services

Rendering of services is commission income recognised upon completion of services rendered to fabric suppliers and garments manufacturers.

Interest income

Interest income is recognised on a time proportionate basis that takes into account by applying the effective interest rate.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

	Consolidated	
	2017 US\$'000	2016 US\$'000
Continuing operations		
Revenue from the sale of goods	156,041	171,032
Other income		
Rental income	232	254
Sample income	28	43
Profit on sale of assets	-	62
Interest Income	15	15
Grant	14	47
Payable written back	-	99
Productivity and Innovation Credit cash payout	-	180
Fair value adjustment on investment property	-	564
Other	55	31
Total other income	344	1,295
	156,385	172,327

6. Administrative expenses

	Consolidated	
	2017 US\$'000	2016 US\$'000
Employee compensation	5,689	6,306
Rental and equipment expenses on operating leases	1,349	1,495
Management fees	1,691	1,792
Insurance	201	187
Courier	321	208
Others	993	936
	10,244	10,924

7. Finance costs

	Consolidated	
	2017 US\$'000	2016 US\$'000
Interest on loans	522	302
Interest on obligations under finance leases	6	6
Bank charges	241	275
Total interest and bank charges	769	583
Line of credit charges	446	744
	1,215	1,327

8. Other expenses

	Consolidated	
	2017 US\$'000	2016 US\$'000
Bad and doubtful debts	296	2,533
Commitment fee	1,081	-
Others	1,092	245
	2,469	2,778

9. Profit For The Year Before Income Tax Expense

Profit for the year has been arrived at after (crediting)/charging the following gains and losses:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Loss / (gain) on disposal of property, plant and equipment	4	(62)
Bad and doubtful debts	296	2,533
Net foreign exchange loss / (gain)	86	(542)
Fair value loss / (gain) on investment properties	252	(564)
Depreciation of non-current assets	2,233	2,114
Operating lease rental expenses:		
Minimum lease payments	1,423	1,641
Employee benefit expense:		
Post-employment benefits:		
Defined contribution plans	594	639
Other employee benefit	7,902	7,286
Total employee benefit expenses	8,496	7,925

10. Income Taxes

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches and interest in joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Consolidated Statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

10. Income taxes (cont'd)

(a) Income tax recognised in profit or loss

	Consolidated	
	2017 US\$'000	2016 US\$'000
Tax expense comprises:		
Current tax expense in respect of the current year	685	674
Deferred tax expense in respect of the current year	625	839
Under provision of deferred tax in prior financial year	(825)	182
Adjustments recognised in the current year in relation to prior years	(201)	(46)
Total tax expense	284	1,649
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	4,477	6,476
Income tax expense calculated at 30%	1,343	1,944
Effect of expenses that are not deductible in determining taxable profit	590	613
Effect of income not assessable for tax purposes	(65)	(219)
Effect of tax allowance	(119)	(118)
Effect of tax losses not recognised	14	25
Effects of different tax rates of subsidiaries operating in other jurisdictions (i)	(483)	(753)
Under provision of deferred tax in prior financial year	(825)	182
	455	1,674
Other	30	21
	485	1,695
Adjustments recognised in the current year in relation to the current tax of prior years	(201)	(46)
Income tax expense recognised in profit	284	1,649

- (i) The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. However, for the purposes of tax reconciliation, certain subsidiaries were operating in Singapore, Malaysia and Hong Kong, in which these entities are taxed at the respective local tax rates.

Unrecognised deferred tax assets in relation to tax losses at year end amounted to approximately \$935,000.

10. Income taxes (cont'd)

(b) Current tax liabilities

Current tax liabilities

Income tax payable attributable to entities in the consolidated group

Consolidated	
2017 US\$'000	2016 US\$'000
694	1,154
694	1,154

(c) Deferred tax balances

Deferred tax liabilities arise from the following:

2017	Consolidated						
	Opening balance US\$'000	Charged to income US\$'000	Charged to Equity US\$'000	Acquisitions/ disposals US\$'000	Exchange differences US\$'000	Changes in tax rate US\$'000	Closing balance US\$'000
Temporary differences							
Property, plant and equipment	1,278	(201)	-	-	-	-	1,077
	1,278	(201)	-	-	-	-	1,077
Unused tax losses and other credits:							
Nil	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	1,278	(201)	-	-	-	-	1,077

Presented in the statement of financial position as follows:

Deferred tax liability

1,077

2016	Consolidated						
	Opening balance US\$'000	Charged to income US\$'000	Charged to Equity US\$'000	Acquisitions/ disposals US\$'000	Exchange differences US\$'000	Changes in tax rate US\$'000	Closing balance US\$'000
Temporary differences							
Property, plant and equipment	257	1,021	-	-	-	-	1,278
	257	1,021	-	-	-	-	1,278
Unused tax losses and other credits:							
Nil	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	257	1,021	-	-	-	-	1,278

Presented in the statement of financial position as follows:

Deferred tax liability

1,278

11. Trade and other receivables

	2017 US\$'000	2016 US\$'000
Trade receivables		
Third parties	24,610	20,160
Other party- GLIT group	41,309	42,976
Related Parties	1,325	1,324
Other receivables	1,234	878
Allowance for doubtful debts	(613)	(2,610)
	67,865	62,728
Less:		
Payable to other party – GLIT group	(7)	(2,705)
	67,858	60,023
Goods and services tax recoverable	676	167
	68,534	60,190

The average credit period on sales of goods and rendering of services is 60 days. No interest is charged on the trade receivables outstanding balance.

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. 99% 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\$325 thousand (2016: \$435 thousand) which are past due at the reporting date. There has been no significant change in credit quality and all amounts are considered recoverable. The Group does not hold any collateral over these balances.

Age of receivables past due, but not impaired

	Consolidated	
	2017 US\$'000	2016 US\$'000
60 – 90 days	88	78
90 – 120 days	237	45
More than 120 days	-	312
Total	325	435

Movement in the allowance for doubtful debts

Balance at the beginning of the year	2,610	2,351
Charge / (credit) to profit or loss	277	300
Allowance written off during the year	(2,274)	(41)
Balance at the end of the year*	613	2,610

*Includes the provision for doubtful debts for Trade Receivables, both current and non-current. The Group has made a full provision of US\$613 thousand for one of the customer which filed for Chapter 11 bankruptcy in the United States.

The provision made to one of the buyers who owed an amount for more than 5 years has been written off in this financial 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.

11. Trade and other receivables (cont'd)

Provision for impairment of receivables – estimates and judgements

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers.

The GLIT Receivables carrying value is estimated to be recoverable on the basis that GLIT continues to operate as our outsourced manufacturing partner dedicated to serve the day-to-day needs of GLG Corp. It is assumed that GLIT has sufficient resources, financial and otherwise to support the order fulfilment processes in the factories, with guidance and loadings from GLG Corp. The valuation of GLIT receivable is evaluated to be recoverable based on the assumption specifically on the accessibility of trust receipts available for offset and the amount of available collateral in place. The acquisition of Ghim Li Fashion (M) Sdn Bhd by the Group on 30 June 2017 resulted in the decrease in GLIT Receivable by US\$5 million for the purchase consideration of this acquisition.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

12. Other financial assets

	Consolidated	
	2017 US\$'000	2016 US\$'000
Loans carried at amortised cost:		
<u>Current</u>		
Loans and receivables – related parties (i)	368	368
Provision for Non-Repayment	(24)	(24)
Total current other financial assets	344	344
<u>Non-current</u>		
Other receivables – GLIT group	5,000	5,000
Loans and receivables – related parties (i)(a)(b)	1,871	2,333
Total non-current other financial assets	6,871	7,333

(i) The current trade receivable owed by third party has a provision for non-recovery in FY2017 of US\$24 thousand (FY2016: US\$24 thousand).

(ii) The loan owed by related parties consist of:

(a) US\$1,871 thousand of rental deposit paid for the 10 years lease rental from Ghim Li Group Pte Ltd (2016: US\$1,871 thousand).

(b) Terms loan repayable over 10 years at fixed interest rate of 2% p.a. commencing January 2016 was fully settled in FY2017 (2016: US\$462 thousand).

13. 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	
	2017 US\$'000	2016 US\$'000
Raw materials	3,393	2,070
Work in progress	2,987	1,001
Goods in transit	2,769	1,289
Consumables	7	11
Stock lot	189	-
Finished goods	3,170	7,344
Total	12,515	11,715

14. Investments accounted for using the equity method

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2017 %	2016 %
Jointly controlled entities				
JES Apparel LLC	USA	Importer of knitwear products	51	51

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

	Consolidated	
	2017 US\$'000	2016 US\$'000
Financial position:		
Current assets	393	393
Current liabilities	(1,879)	(1,879)
Net assets	(1,486)	(1,486)
Group's share of jointly controlled entity's net assets	(757)	(757)
Financial performance:		
Income	-	-
Expenses	-	-
Total loss for investment in joint venture	-	-
Group's share of jointly controlled entity's losses	-	-

The entity ceased business since 2012 and consolidated entity's share of losses for 2017 and 2016 was nil. The entity's cumulative unrecognised share of retained losses is US\$757 thousand (2016: US\$757 thousand).

15. 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 20.

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 and liabilities 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 2017 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
Property	Sales comparison	Price per square foot	RM23-46 per square foot for land RM30-100 per square foot for building RM Malaysian Ringgit currency	RM27 per square foot for land RM76 per square foot for building	The higher the price per square foot the higher the fair value

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

Valuation of land and buildings – estimates and judgements

The Group has determined that the revaluation model is more appropriate for reflecting the value of their land and buildings.

	Consolidated Group	
	2017	2016
	US\$'000	US\$'000
Land and Buildings		
Freehold		
Land at independent valuation	789	842
Building at independent valuation	342	365
Total land and building	1,131	1,207
Carrying amount of all freehold land had it been carried under the cost model	776	796
Leasehold		
Leasehold improvement		
At cost	187	163
Accumulated depreciation	(48)	(31)
	139	132
Land at independent valuation	1,783	1,902
Building at independent valuation	7,073	7,545
Total land and building	8,995	9,579
Carrying amount of all freehold land had it been carried under the cost model	6,220	6,436
Plant and Equipment		
Plant and equipment:		
At cost	16,892	17,239
Accumulated depreciation	(7,164)	(6,069)
	9,728	11,170
Plant and equipment with net carrying amount were acquired under finance leases:		
At cost	143	135
Accumulated depreciation	(77)	(44)
	66	91
Plant and equipment with net carrying amount were acquired under bank borrowings		
At cost	15,942	5,315
Accumulated depreciation	(1,815)	(1,025)
	14,127	4,290
Total plant and equipment	23,921	15,551
Total property, plant and equipment	34,047	26,337

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

Cost	At Valuation				Consolidated					At Cost			
	Freehold land and buildings	Leasehold land and buildings	Sub-total	Construction in Progress	Plant and machinery	Renovation	Other assets	Motor vehicles	Total				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000				
Balance as at 1 July 2015	2,546	11,505	14,051	-	9,209	2,770	4,392	567	30,989				
Additions	-	35	35	2,960	2,866	194	346	78	6,479				
Disposals	-	-	-	-	(48)	(9)	(381)	(255)	(693)				
Revaluation deficit	(1,339)	(1,930)	(3,269)	-	-	-	-	-	(3,269)				
Balance as at 30 June 2016	1,207	9,610	10,817	2,960	12,027	2,955	4,357	390	33,506				
Additions	-	24	24	1,626	3,534	3,593	446	-	9,223				
Additions through acquisition	-	-	-	-	1,017	11	50	25	1,103				
Reclassification	-	-	-	(2,960)	-	2,960	-	-	-				
Disposals	-	-	-	-	-	(1)	(13)	-	(14)				
Revaluation deficit	(76)	(591)	(667)	-	-	-	-	-	(667)				
Balance as at 30 June 2017	1,131	9,043	10,174	1,626	16,578	9,518	4,840	415	43,151				

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

Cost	At Valuation			Consolidated					
	Freehold land and buildings	Leasehold land and buildings	Sub-total	Construction in Progress	Plant and machinery	Renovation	Other assets	Motor vehicles	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Accumulated depreciation									
Balance as at 1 July 2015	172	821	993	-	1,930	1,390	2,176	502	6,991
Depreciation expense	34	340	374	-	1,050	448	192	50	2,114
Depreciation on disposals	-	-	-	-	(17)	(9)	(321)	(253)	(600)
Revaluation deficit	(206)	(1,130)	(1,336)	-	-	-	-	-	(1,336)
Balance as at 30 June 2016	-	31	31	-	2,963	1,829	2,047	299	7,169
Depreciation expense	8	295	303	-	1,304	418	182	25	2,232
Depreciation on disposals	-	-	-	-	-	-	(11)	-	(11)
Revaluation deficit	(8)	(278)	(286)	-	-	-	-	-	(286)
Balance as at 30 June 2017	-	48	48	-	4,267	2,247	2,218	324	9,104
Net book value									
As at 30 June 2016	1,207	9,579	10,786	2,960	9,064	1,126	2,310	91	26,337
As at 30 June 2017	1,131	8,995	10,126	1,626	12,311	7,271	2,622	91	34,047

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

16. Other assets

	Consolidated	
	2017 US\$'000	2016 US\$'000
<u>Current</u> Prepayments	1,725	445
<u>Non-current</u> Prepayments	2,615	1,391

17. Investment property

The investment property is located at Lot 7962, Batu 22, Jalan Air Hitam, 81000 Kulai, Johor in Malaysia. It was revalued by One Asia Property Consultants (KL) Sdn. Bhd, an external, independent and registered valuer using the sales comparison method on 30 June 2017, and has been categorised as Level 3 fair value. Revaluations are done on an annual basis. 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.

The investment property has include those portions of factory and office buildings that are held for long-term rental yields and/or for capital appreciation which are initially recognised at cost and subsequently carried at fair value.

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value. Changes in fair values are recognised in profit or loss.

Description	Valuation Approach	Unobservable inputs	Range of inputs	Weighted average	Relationship of unobservable inputs to fair value
Investment property	Sales comparison	Price per square foot	RM30 to 65 per square foot for land	RM46 per square foot for land	The higher the price per square foot, the higher the fair value
			RM40 to 100 per square foot for building	RM73 per square foot for building	
			RM = Malaysian Ringgit currency		

17. Investment property (cont'd)

	Consolidated	
	2017 US\$'000	2016 US\$'000
Beginning of financial year	4,014	3,450
Fair value (loss) / gain recognised in profit or loss	(252)	564
End of financial year	3,762	4,014

The following are recognised in profit or loss in respect of investment property.

	Consolidated	
	2017 US\$'000	2016 US\$'000
Rental income	227	219
Direct operating expenses arising from: Investment property that generated rental income	(8)	(9)
	219	210

Valuation of investment properties – estimates and judgements

The Group has determined that the fair value model is more appropriate for reflecting the value of their investment properties.

18. Intangible assets

	Consolidated	
	2017 US\$'000	2016 US\$'000
Software - Cost	13	-
Accumulated depreciation	(1)	-
Net book value	12	-
Goodwill – Note 36	1,841	-
	1,853	-

Software

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

18. Intangible assets (cont'd)

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. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Goodwill – estimates and judgements

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions within the CGU. The value in use is based on the cash flow projections for a period of three years. The cash flow projections are based on the FY2018 budget that has been approved by the board with estimated growth rates of 5% for FY19-FY20 with a terminal growth rate of 2.5%. As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections and future growth objectives.

The pre tax discount rate applied to these cash flow projections is 16%. The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital.

The tax rate applied in the valuation model is based on the corporate tax rate in Australia of 30%.

There has been no impairment loss recognised in relation to goodwill.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

19. Trade and other payables

	Consolidated	
	2017 US\$'000	2016 US\$,000
Trade payables (i)	3,236	1,309
Other payables	4,238	2,115
Parent company	15,757	16,708
Accruals – employee remuneration	867	663
Accruals – construction fees	-	795
Accruals – rental fair value adjustment	536	417
Accruals – audit fee	84	161
Accruals – others	862	929
	25,580	23,097

(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.

20. Borrowings

	Consolidated	
	2017 US\$'000	2016 US\$'000
<u>Secured – at amortised cost</u>		
<u>Current</u>		
Trust receipts (Gross) (i) (1)	46,768	37,350
Bills payable (Gross) (3)	2,768	1,679
Finance lease liabilities (Note 26)	136	61
Term Loan (2)	4,152	2,246
Total current borrowings	53,824	41,336
<u>Non-current</u>		
Finance lease liabilities (Note 26)	38	74
Term Loan (2)	10,840	9,456
Total non-current borrowings	10,878	9,530
Disclosed in the financial statements as:		
Current borrowings	53,824	41,336
Non-current borrowings	10,878	9,530
	64,702	50,866

20. Borrowings (cont'd)

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 is dependent on 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 2017 GLG Corp Ltd had short term financing facilities available of US\$133,603 thousand, long-term financing facilities available of US\$23,252 thousand and foreign exchange facility available of US\$19,102 thousand. (Short term: US\$58,166 thousand was used and US\$75,437 thousand was unused. Long-term: US\$14,492 thousand was used and US\$8,760 thousand was unused. Foreign exchange of US\$19,102 thousand was unused). Compared with US\$126,943 thousand of short term financing facilities, long-term financing facilities of US\$26,880 thousand and forward contract available of US\$8,908 thousand at 30 June 2016 (Short term: US\$48,517 thousand was used and US\$78,426 thousand was unused. Long-term: US\$11,703 thousand was used and US\$15,177 thousand was unused. Foreign exchange of US\$8,908 thousand was unused). GLG believe that it will continue to have the strong support from main bankers for its working capital and capital expenditure requirements.

The facilities used are inclusive of the contingent liabilities as disclosed in note 25.

Borrowing costs

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 2.37% (2016: 1.82%) per annum for a tenure of 4 months and are secured by corporate guarantee from immediate holding company, Ghim Li Group.
- 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 and corporate guarantee from the immediate holding company, Ghim Li Group. 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 3.88% per annum (2016: 4.57% per annum).
- 3) Bills Payable are amounts received from banks for discounting sales invoices billed to customers. Such liabilities are secured by corporate guarantee from immediate holding company, Ghim Li Group with weighted average effective interest rate of 2.37% (2016: 1.82%) per annum.

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

	2017	2016
Term loan	3.58% p.a	4.40% p.a
Trust receipts / Bills payable	2.37%	1.82%
Finance lease liabilities	4.70%p.a.	4.29%p.a.

21. Issued capital

	Consolidated	
	2017 US\$'000	2016 US\$'000
74,100,000 (2016: 74,100,000) fully paid ordinary shares	10,322	10,322

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.
- Ordinary shares are classified as equity and entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

	Consolidated			
	No. '000	2017 US\$'000	No. '000	2016 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

22. Retained earnings

	Consolidated	
	2017 US\$'000	2016 US\$'000
Balance at beginning of financial year	43,792	38,965
Net profit attributable to members of the parent entity	4,193	4,827
Balance at end of financial year	47,985	43,792

23. Earnings per share

	Consolidated	
	2017 Cents per share	2016 Cents per share
Basic earnings per share:		
Total basic earnings per share	5.66	6.51
Diluted earnings per share:		
Total diluted earnings per share	5.66	6.51

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:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Net profit	4,193	4,827
Earnings used in the calculation of basic EPS	4,193	4,827

	Consolidated	
	2017 No.'000	2016 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

Diluted earnings per share

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

	Consolidated	
	2017 US\$'000	2016 US\$'000
Net profit	4,193	4,827
Earnings used in the calculation of diluted EPS	4,193	4,827

	Consolidated	
	2017 No.'000	2016 No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS	74,100	74,100

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

24. Commitments for expenditure

a) Capital expenditures

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Property, plant and equipment	810	34
Construction of factory	-	1,339
Infrastructure usage fee	-	1,233
	810	2,606

b) Operating lease commitment – where the consolidated entity is a lessee

The Group leases property under operating leases expiring from one to 44 years. Leases generally provide the Group with a right of renewal, at which time all terms are renegotiated.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Not later than one year	1,425	1,328
Longer than 1 year and not longer than 5 years	5,576	5,089
Between one and five years	1,632	6,070
	8,633	12,487

c) Operating lease commitment – where the consolidate entity is a lessor

The Group leases out its industrial property to a non-related party under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Not later than one year	-	241
Between one and five years	-	120
	-	361

25. Contingent liabilities

	Consolidated	
	2017 US\$'000	2016 US\$'000
Guarantees arising from Letters of Credit in force (i)	8,130	9,488
Total	8,130	9,488

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

26. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Finance lease liabilities

Leasing arrangement

The Group leases motor vehicles and office equipment under finance leases expiring from one to five years. All the leases involve lease payments of a fixed base amount. No contingent rentals were paid during the year (2016: nil)

	Minimum future lease payments		Present value of minimum future lease payments	
	Consolidated		Consolidated	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
No later than 1 year	140	69	136	61
Later than 1 year and not later than 5 years	41	80	38	74
Minimum future lease payments*	181	149	174	135
Less future finance charges	(7)	(14)	-	-
Present value of minimum lease payments	174	135	174	135
Included in the financial statements as (note 20)				
Current borrowings			136	61
Non-current borrowings			38	74
			174	135

* Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

27. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest	
		2017 %	2016 %
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 (ii)	Singapore	100	100
AES (USA) Inc (iii)	USA	100	-
G&G Fashion (Vietnam) Co., Ltd.	Vietnam	100	100
Maxim Textile Technology Sdn Bhd (ii)	Malaysia	100	100
Maxim Textile Technology Pte Ltd (ii)	Singapore	100	100
Ghim Li Global International (GuangZhou) Ltd	China	100	100
Ghim Li Fashion (M) Sdn Bhd (i)	Malaysia	100	-

- i) This company was acquired on 30 June 2017.
- ii) These companies were acquired on 12 December 2016 through common control acquisition.
- iii) This company incorporated on 7 July 2016.

28. Notes to the cash flow statement

Cash comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of financial position as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Cash and cash equivalents	6,881	7,908
	6,881	7,908
(b) Financing facilities		
Secured bank loan facilities with various maturity dates and which may be extended by mutual agreement:		
• amount used	72,658	60,220
• amount unused	103,299	102,511
	175,957	162,731

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

	Consolidated	
	2017 US\$'000	2016 US\$'000
Profit for the year	4,193	4,827
Depreciation and amortisation of non-current assets	2,233	2,114
Bad debts write-off	296	2,533
Fair value adjustment on investment property (Note 17)	252	(564)
Loss / (gain) on disposal of property, plant and equipment	4	(62)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	(539)	(7,176)
Trade and other receivables	(4,695)	3,182
Other assets	(2,071)	211
Increase/(decrease) in liabilities:		
Trade and other payables	2,366	(2,933)
Current tax	(460)	85
Deferred tax	(201)	1,020
Net cash provided by operating activities	1,378	3,237

29. Reserves

	Consolidated	
(a) <u>Revaluation reserves</u>	2017 US\$'000	2016 US\$'000
Beginning of financial year	3,980	5,913
Revaluation deficit arising from property, plant and equipment	(381)	(1,933)
End of financial year	3,599	3,980

The revaluation reserve represents the decrease in the fair value of the freehold and leasehold land and buildings, net of tax.

(b) Merger reserves

The merger reserve of US\$14,812 thousand is a result of the common control acquisition. Refer to Note 35 for further information.

30. Financial instruments

(a) **Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 20 and equity attributable to equity holders of the parent, comprising issued capital and retained earnings as disclosed in notes 21 and 22 respectively.

Operating cash flows are used to maintain and expand the group's assets, as well as to make the routine outflows of tax and repayment of maturing debt. The Group's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

Gearing ratio

An integral function of the Group's Board is risk management. The Board reviews the capital structure on a semi-annual basis.

The gearing ratio at year end was as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Debt (i)	64,702	50,866
Cash and cash equivalents	(6,881)	(7,908)
Net Debt	57,821	42,958
Equity (ii)	47,094	43,282
Net debt to equity ratio	123%	99%

(i) Debt is defined as long-term and short-term borrowings, as detailed in note 20.

(ii) Equity includes all capital, retained earnings and reserves

30. Financial instruments (cont'd)

(b) Categories of financial instruments

	Consolidated	
	2017 US\$'000	2016 US\$'000
Financial assets		
Loans and receivables	75,749	67,867
Cash and cash equivalents	6,881	7,908
Financial liabilities		
Amortised cost	90,282	73,963

(c) Financial risk management objectives

The Group co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the consolidated entity.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated entity's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group minimises its financial risk of changes in foreign currency exchange rate through the natural hedge of matching its revenues and purchases in US dollars and matching of its assets and liabilities in US dollars.

30. Financial Instruments (cont'd)

(d) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Singapore dollars	645	791	2,091	917
Hong Kong dollars	-	-	10	26
Vietnamese Dong	703	826	119	1,685
Malaysia Ringgit	3,221	1,398	1,168	497
Australia Dollar	77	85	154	103
	4,646	3,100	3,542	3,228

(e) Foreign currency sensitivity analysis

The Group is mainly exposed to movements in the value of Singapore dollars and Hong Kong dollars compared to the US dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the United States dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss where the United States dollars strengthens against the respective currency. For a weakening of the United States dollars against the respective currency there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Singapore Dollars Impact		Malaysia Ringgit Impact		Vietnamese Dong Impact		Other Foreign Currency Impact	
	Consolidated		Consolidated		Consolidated		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Profit or loss	289	25	(411)	(180)	(115)	172	17	8

30. Financial Instruments (cont'd)

(f) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and define risk appetite; ensuring optimal hedging strategies are applied, by either positioning the Statement of financial position or protecting interest expense through different interest rate cycles.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

Net profit would increase by US\$77 thousand and decrease by US\$70 thousand (2016: increase by US\$68 thousand and decrease by US\$62 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings

30. Financial instruments (cont'd)

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Senior Management annually. The Group measures credit risk on a fair value basis.

Trade accounts receivable consist of a number of retail customers located in the United States of America. Ongoing credit evaluation is performed on the financial condition of accounts and, where appropriate, trading within the credit limits or discounting of receivables on non-recourse basis with credit acceptance or insurance in place.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except to the GLIT receivable as disclosed in Note 11. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The consolidated entity also faces risks of orders cancellation. This is related to fabric, accessories and manufacturing cost incurred on orders cancelled prior to shipment. The consolidated entity is now exploring credit insurance to cover this risk as well.

(h) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 28(b) is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

30. Financial instruments (cont'd)

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to receive/pay. The table includes both interest and principal cash flows.

Consolidated

	Weighted average effective interest rate	Within 1 year	2-5 year	5+ years	Total
2017					
Financial Assets					
Non-interest bearing	-	75,759	5,000	1,871	82,630
Financial Liabilities					
Non-interest bearing	-	25,580	-	-	25,580
Variable interest rate instruments	2.68%	49,927	-	-	49,927
Term loan	3.58%	4,246	9,076	2,618	15,940
Bank loan	2.68%	501	-	-	501
Finance lease liability	4.70%	139	42	-	181
2016					
Financial Assets					
Interest bearing	2.00%	-	-	462	462
Non-interest bearing	-	68,442	5,000	1,871	75,313
Financial Liabilities					
Non-interest bearing	-	23,097	-	-	23,097
Variable interest rate instruments	1.82%	39,266	-	-	39,266
Term loan	4.40%	2,690	6,864	3,811	13,365
Finance lease liability	4.92%	69	80	-	149

The variable interest rates were as follows:

	<u>2017</u>	<u>2016</u>
Term loan	3.58% p.a.	4.40%
Bank loan	2.68%	-
Trust receipts / Bill payables	2.37%	1.82%
Finance lease liabilities	4.70%p.a	4.29%p.a

(i) Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:
the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

31. Key management personnel compensation

The aggregate compensation made to directors and other members of the key management personnel of the Company and the Group is set out below:

	Consolidated	
	2017 US	2016 US
Short-term employee benefits	1,203,196	1,144,331
Post-employment benefits	36,730	34,793
	1,239,926	1,179,124

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

The compensation of each member of the key management personnel of the Group is set out in the remuneration report:

(a) Key management personnel compensation policy

Details of key management personnel

The Directors of GLG Corp Ltd during the year were:

- Estina Ang Suan Hong as Executive Chairman and Chief Executive Officer
- Christopher Chong Meng Tak as Independent Director
- Shane Hartwig as Independent Director
- Felicia Gan Peiling as Director on 15 September 2015 and Chief Marketing Officer

Other key management personnel of GLG Corp Ltd during the year were:

- Shawn Fung as Chief Financial Officer (appointed 13 June 2016)
- Susan Yong as Executive Vice President – Operations
- Cheah Eng Kean as EVP, Marketing & Contract Manufacturing (resigned on 19 September 2016)

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

32. Related party transactions

(a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 27 to the financial statements

(b) Transactions with key management personnel

(i) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 31 to the financial statements and the remuneration report.

(c) Transactions with other related parties

During the year, group entities entered into the following expenditure transactions with related parties that are not members of the group:

	Transaction with Ghim Li Group Pte Ltd (Parent entity)	
	2017 US\$	2016 US\$
Rental	1,201	1,123
Loan Interest	5	9
Financial Guarantee fee	107	111
	1,313	1,243

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date.

Amounts receivable from and payable to these related parties are disclosed in note 19 to the financial statements. Loan balances were settled at the end of the year.

(d) Parent entities

GLG Corp Ltd's parent entity is Ghim Li Group Pte Ltd. Ghim Li Group Pte Ltd is incorporated in Singapore.

The parent company Ghim Li Group Pte Ltd has entered into a letter of undertaking dated 27 June 2013 to guarantee the repayment of GLIT and other receivables up to a cap of US\$25 million, however based on the share price at the year end this is valued at US\$9,645 thousand.

33. Remuneration of auditors

Consolidated	
	2017 US\$
	2016 US\$
Auditor of the parent entity	
Audit and review of the financial report	55,740
Tax services	-
	55,740
Related Practice of the parent entity auditor	
Audit or review of the subsidiaries	98,500
Tax services	10,030
	108,530
	249,550
	14,406
	263,956

The auditor of *GLG Corp Ltd* is BDO East Coast Partnership (FY16: Deloitte Touche Tohmatsu).

The related practices are BDO Singapore, BDO Vietnam and BDO HK. (FY16: Deloitte & Touche Singapore, Deloitte & Touche Hong Kong and Deloitte & Touche Vietnam). Cheng & Co was also used in both 2017 and 2016. (FY2017: Audit US\$15,523 and Tax Service US\$2,330. FY2016: Audit US\$10,984 and Tax Service US\$2,431).

34. Parent entity disclosures

Financial position

	2017 US\$'000	2016 US\$'000
Assets		
Current assets	154	916
Non-current assets	30,000	30,000
Total assets	30,154	30,916
Liabilities		
Current liabilities	3,392	3,124
Non-current liabilities	184	163
Total liabilities	3,576	3,287
Equity		
Issued capital	53,552	53,552
Accumulated Losses	(26,974)	(25,923)
Total equity	26,578	27,629

34. Parent entity disclosures (cont'd)

Financial performance

	2017 US\$'000	2016 US\$'000
Loss for the year	(1,050)	(171)
Other comprehensive income	-	-
Total comprehensive income	(1,050)	(171)

Contingent liabilities

As at 30 June 2017, the parent entity had no contingent liabilities (2016: nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Contractual commitments

The parent did not have any contractual commitments at the end of the financial year

The above information is presented for the legal parent entity.

35. Common control acquisition

On 12 December 2016, Ghim Li International (S) Pte Ltd, a subsidiary of GLG Corp Ltd, acquired 100% of the ordinary shares of Maxim Textile Technology Pte Ltd, a company incorporated in Singapore and Maxim Textile Technology Sdn Bhd, a fabric mill in Malaysia for total consideration of US\$20 million, which includes contingent consideration of US\$7,600 thousand which is eliminated on consolidation. Contingent consideration is based a multiple of excess profit over the next four years and management estimate these targets are achievable. Maxim operates in the fabric division of the consolidated entity.

As both GLG and Maxim entities are under common control of Ghim Li Group Pte Ltd, the pooling of interest method is used.

By executing this acquisition strategy, the Group will have a vertically-integrated textile manufacturing and supply chain business, offering the flexibility to plan for shorter production lead times resulting in speed-to-market advantage to its customers by controlling each step in the value chain.

The acquired business contributed revenues of US\$37,188 thousand and profit after tax of US\$2,339 thousand to the consolidated entity for the financial year ended 30 June 2017. As the business was acquired under common control, the prior comparatives were restated to reflect the acquisition from the earliest reported period. As such the acquired business contributed revenues of US\$35,634 thousand with profit after tax of US\$1,907 thousand to the consolidated entity for the year ended 30 June 2016.

35. Common control acquisition (cont'd)

Common Control Business Combination Recognition and Measurement

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.

36. Business combination

On 30 June 2017, Ghim Li International (S) Pte Ltd, a subsidiary of GLG Corp Ltd, acquired 100% of the ordinary share of Ghim Li Fashion (M) Sdn Bhd, a company incorporated in Malaysia. This is a business which engages in the manufacturing of garments. With this acquisition, GLG will enhance its manufacturing and supply chain business with additional capacity and gives the Group the ability to offer more control and speed-to market solutions to the Groups end customers. The acquired entity did not contribute to any profit from ordinary activities or revenue for the Group's consolidated results for the year ended 30 June 2017 as the acquisition was on the last day of the year.

The consideration of US\$5 million of the acquisition of Ghim Li Fashion (M) Sdn Bhd from GLIT Holdings Pte Ltd was offset against the receivables due to the Group on 30 June 2017.

Had Ghim Li Fashion (M) Sdn Bhd been acquired by the Group as of 1 July 2016, i.e. a year ago, the acquired entity would have contributed Revenue of US\$6,268 thousand and Profit after tax of US\$261 thousand to the consolidated group for the year ended 30 June 2017.

Transaction costs of US\$18 thousand were recognised in respect to this acquisition, and included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017.

As the acquisition was completed on 30 June 2017, the Group has provisionally accounted for the acquisition in the balance sheet as of 30 June 2017. The final position of the fair value of the assets and liabilities acquired will be accounted for within 12 months in accordance with AASB 3 – Business Combinations.

36. Business combination (cont'd)

Details of the acquisition are as follows:

	Fair value S'000
Consideration	
- Offset against GLIT receivable in Note 11	5,000
Total consideration	5,000
Net identifiable assets acquired	
- Cash	144
- Trade and other receivables	2,383
- Inventories	260
- Other current assets	433
- Property, plant and equipment	1,103
- Trade and other payables	(1,062)
- Finance lease payable	(102)
Net identifiable assets acquired	3,159
Goodwill on acquisition	1,841

Business Combinations Recognition and Measurement

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). The excess of consideration over the fair value of net assets acquired is represented by goodwill.

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.

37. Subsequent events

There has been no subsequent events after the year ended 30 June 2017 to the date of this report.

Additional Australian Securities Exchange information as at 15 September 2017

Holding distribution

Range	Securities	%	No. of holders	%
100,001 and Over	71,829,601	96.94	19	4.85
10,001 to 100,000	1,392,277	1.88	34	8.67
5,001 to 10,000	194,868	0.26	21	5.36
1,001 to 5,000	678,800	0.92	308	78.57
1 to 1,000	4,454	0.01	10	2.55
Total	74,100,000	100.00	392	100.00
Unmarketable Parcels	7,954	0.01	13	3.32

Voting Rights

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.

Redeemable and convertible preference shares

- These shares have no voting rights.

Substantial shareholders

The names of the substantial shareholders listed in the GLG Corp Ltd register as at 15 September 2017 were:

Ordinary shareholders	Fully paid ordinary shares	
	Number	Percentage
Ghim Li Group Pte Ltd	50,116,000	67.63%
	50,116,000	67.63%

Twenty largest holders of quoted equity securities

Top 20 holders – 15 September 2017

Rank	Name	Shares	%
1	Ghim Li Group Pte Ltd	50,116,000	67.63
2	Mr Yin Min Yong	3,504,751	4.73%
3	HSBC Custody Nominees (Australia) Limited	3,310,419	4.47%
4	Mr Tiong Ang	2,222,000	3.00%
4	Ms Peiling Gan	2,222,000	3.00%
5	Ms Bee Phong Gan	2,183,297	2.95%
6	Mr Yoke Min Pang	2,000,000	2.70%
7	Mr Ah Yian Au	1,322,957	1.79%
8	BNP Paribas Noms Pty Ltd	1,133,600	1.53%
9	Ms Meng Hui Surina Gan	1,000,000	1.35%
10	Gowing Bros Limited	830,903	1.12%
11	Mr Gerald Francis Pauley & Mr Michael James Pauley	621,663	0.84%
12	Dixon Trust Pty Limited	330,000	0.45%
13	Markess Trustee Limited	250,000	0.34%
14	Kam Hing Piece Works Ltd	206,010	0.28%
15	Ang Leong Aik	200,000	0.27%
16	Chean Moy Seng	150,000	0.20%
17	Eu Mun Leong	116,000	0.16%
18	Mr Christopher Chong & Mrs Heather Chong	110,001	0.15%
19	Lim Chai Har	100,000	0.13%
19	Seow Teng Peng	100,000	0.13%
20	Paromay Ltd	99,999	0.13%
Top 20		72,129,600	97.34%
Total		74,100,000	100.00%

Company secretary

Mr Alistair Chong

Registered office

L40 100 Miller St
North Sydney NSW 2060
Australia

Principal administration office

21 Jalan Mesin
Singapore 368819

Share registry

Link Market Services Limited
Level 1, 333 Collins Street
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Australia