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A New Era of Growth

GLG Corp Ltd annual report 2006

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Foundations of Growth for the New Era

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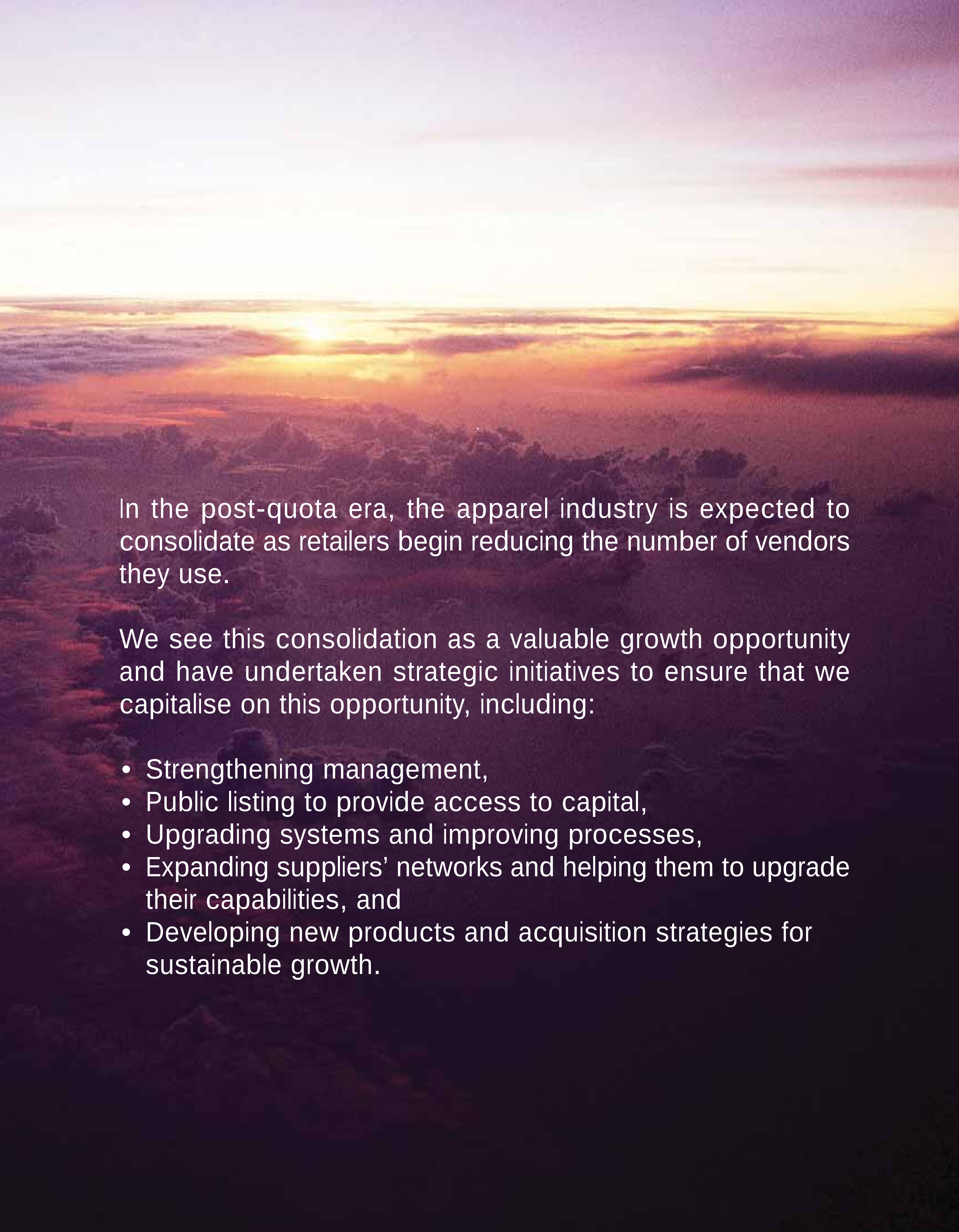


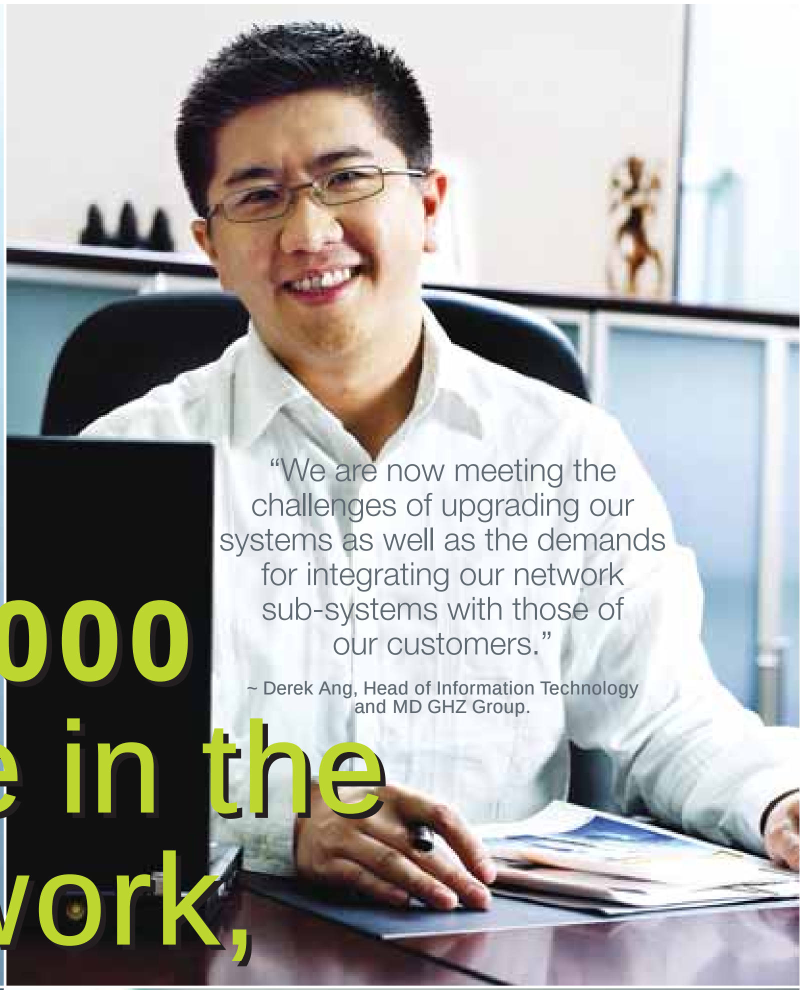
In the post-quota era, the apparel industry is expected to consolidate as retailers begin reducing the number of vendors they use.

We see this consolidation as a valuable growth opportunity and have undertaken strategic initiatives to ensure that we capitalise on this opportunity, including:

- Strengthening management,
- Public listing to provide access to capital,
- Upgrading systems and improving processes,
- Expanding suppliers' networks and helping them to upgrade their capabilities, and
- Developing new products and acquisition strategies for sustainable growth.

"Our one-stop service package is key to our strategic alliances with our customers. We strive to consistently improve in meeting our customers' needs."

~ Ms Lee Kim Ho, GM Marketing



"We are now meeting the challenges of upgrading our systems as well as the demands for integrating our network sub-systems with those of our customers."

~ Derek Ang, Head of Information Technology and MD GHZ Group.

15,000 people in the network, one motto: Customers First

"We strive to be in the forefront of fashion trends for all our product segments to provide value-added services that ensure success for our customers."

~ Julie Tan, GM Marketing

"It is an exciting experience in strategic planning for growth with our customers in the new era."

~ Ng Xin Yi, Head of Strategic Planning

We Aim

To be a world-class leader in textiles and apparel, growing strategic alliances with our customers.

We Always

Focus on speed of service

Maintain high product quality

Meet or exceed compliance standards

Provide efficient and effective supply chain management

Ensure competitive product costs

We Are

A global supplier of casual lifestyle knitwear apparel to major US retailers. We have established ourself as an integrated one-stop service provider for the global textile and apparel industry since our founding by Estina Ang in 1977 as a small sewing sub-contractor with six sewing machines.

Global sales have grown year on year to almost US$200 million. We have also won many awards and accolades over the years for our merchandise, service and business excellence.

We supply over 55 million garments a year through our global marketing and manufacturing network.

In an increasingly competitive retail landscape, our customers in the retail businesses face the challenge of finding reliable partners whom they can depend on to supply quality merchandise at the right price and with on time delivery.

We offer a total solutions package with an integrated one-stop service approach. From product design and development, commercialization of orders, materials management, production planning and control, to comprehensive post-manufacturing logistics solutions, our customers can be assured that they will have the product they need, whenever and wherever they need it.

Executive Chairman and Chief Executive Officer's Review

Dear Shareholders

I take great pleasure to present, our maiden set of results as a publicly listed company. I am pleased to announce a net profit after tax of US$9.28 million, a rise of 21% as compared to US$7.66 million achieved last year. Better gross margins and higher commission income (for arranging fabric purchases) despite a major flood at a supplier, contributed to the improvement. Earnings per share increased to US13.85 cents compared to US13.10 cents last year.

Given these results, our Board recommends a first and final unfranked dividend of US6.20 cents per share to be paid on 18 October 2006.

Laying the Foundations for Growth

Three years ago, I started a process that has led to the re-engineering of the Group to become a value-added supply chain business for the textile and apparel industry. This, together with our recent listing on the ASX, has positioned us for growth in the new quota-free era. As a supply chain manager, the Group has greater flexibility in sourcing and the ability to move as quickly as our clients.

Recently, we also strengthened our management team through the recruitment of senior managers for our operations in Hong Kong and New York. High priority is being placed on completing the training of our staff so that they can better handle increased volumes and provide greater value-added services to customers.

I am also pleased to announce that we have completed the next phase of international sourcing. Diversifying our sourcing is complicated. Not only do we need to be cognizant of local rules, regulations and practices, we must also ensure that the factories we use are certified to the standards required by our customers. The current success now means that we can also source from Cambodia, Indonesia and Sri Lanka. In the next phase, we will work with our strategic suppliers to boost their capacity in these countries and to lower ex-factory cost through productivity gains.

My management team and I have embarked on the next step of improving our supply chain processes especially in the area of upgrading our IT systems. The team is aiming for even higher levels of compliance, tighter deliveries and higher quality from our partners in the sourcing network.

In April 2006, our CEO and Executive Director at the time of our listing, Mr Soh Guan Kiat retired after undergoing heart surgery. Mr Soh has contributed substantially to our success. On behalf of the Board, I would like to thank him for his contributions. I would also like to welcome to our Board of Directors, Mr Yong, an experienced ex-banker, who has been working with us since 2004. I am fortunate to be supported by a strong board with highly qualified, independent directors who possess strong and considered views and are committed to our long-term success.

Outlook

I remain excited by our prospects. It is now clear that buyers are shrinking the number of suppliers and our positioning has allowed us to be a beneficiary of this trend. I am particularly excited by new customers who should contribute significantly to sales growth for the next financial year. As noted in this Annual Report, we enjoyed a strong order book from existing and new customers for the first half of the year.

In the longer term, I have also charged a team to look into expansion. Our expansion is driven by strategic plans to sell new categories of garments to existing clients, existing categories of garments to new clients, and may involve an acquisition.

Estina Ang Suan Hong
Executive Chairman
and Chief Executive Officer

Financial Highlights

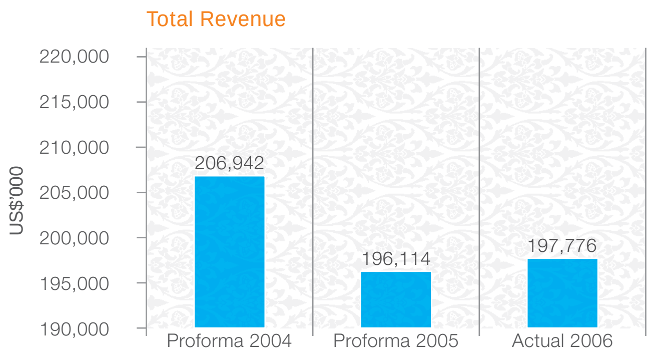
GLG has built a strong financial foundation from which to grow. The improvements in our internal global supply chain management processes and greater cost competitiveness of our supplier network have strengthened our ability to compete in the New Quota Era where retailers rationalise their list of suppliers. Strong cash flow and improved relationships with our bankers have further strengthened our ability to undertake non-organic growth.

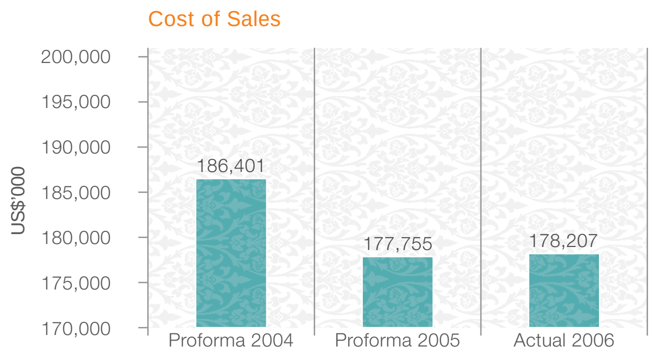
TURNOVER

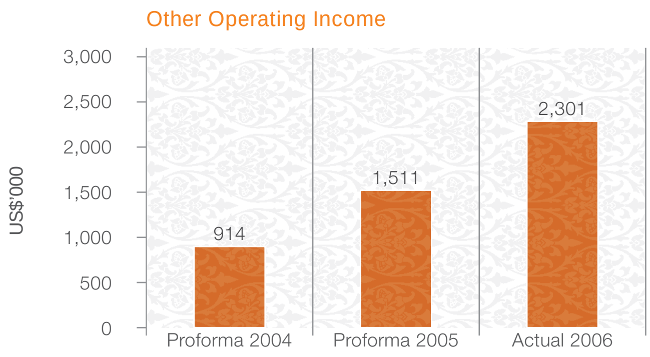
GLG recorded a marginal increase in sales of about 0.9% to US$197.8 million in FY 2006 as compared to proforma sales of US$196.1 million in FY 2005. Although the increased sales were mainly to Mass Merchant retailers, GLG has been able to maintain a good spread of customers with no one customer accounting for more than 25% of the total sales. Federated Department Stores, Inc, Target Corporation, Mervyn's Corporation, May Department Stores, Sears, Wal-Mart and Footlocker remain our top customers.

The cost of sales rose slightly by 0.3% to US$178.2 million as compared to the previous FY 2005.

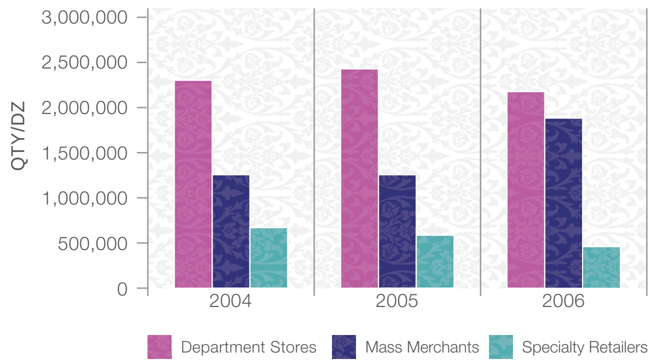
Other revenue increased by US$0.8 million or by 52.3% mainly due to increased commission income received from fabric suppliers. Some fabric suppliers also gave bulk purchase rebates to encourage us to buy more from them.





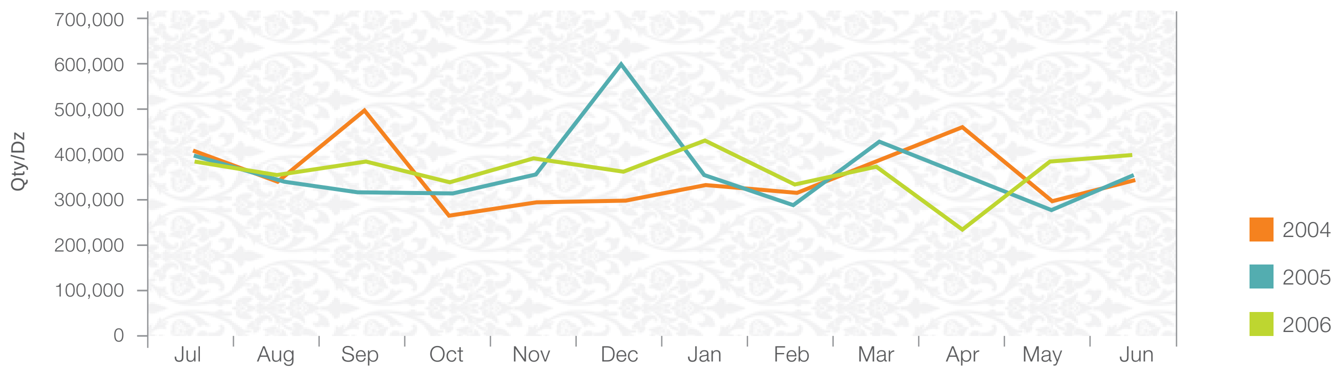


Sales By Category Qty/Dz

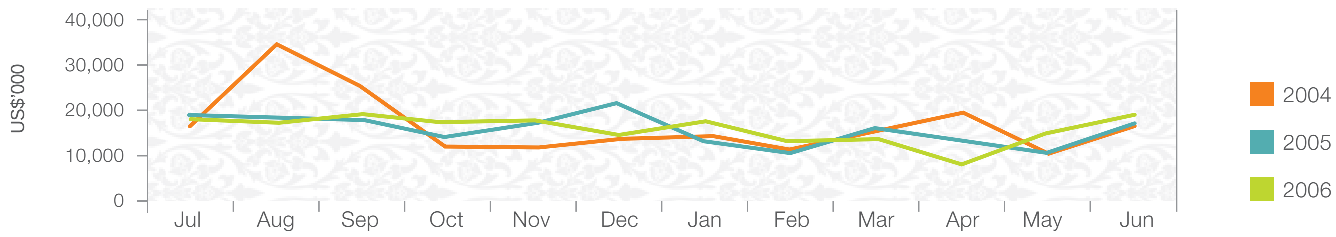


Sales By Category US$

Monthly Sales Seasonal Trend Qty/Dz



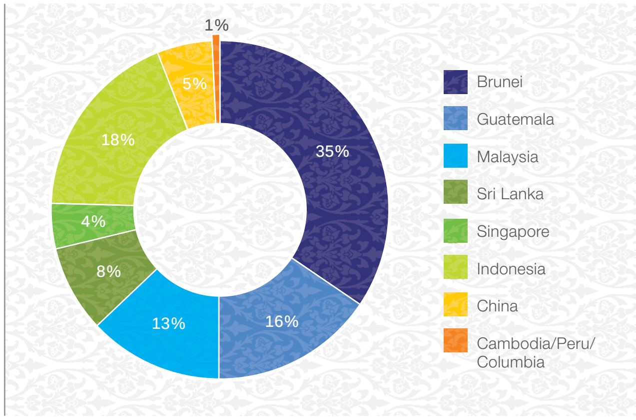
Monthly Sales Seasonal Trend US$



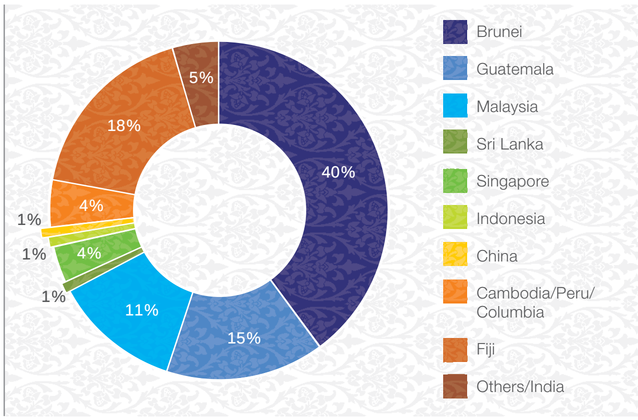
The seasonality trend of our business remained unchanged with the first quarter (July to September) and second quarter (October to December) being the strongest quarters. There was however, a lower variation in monthly sales in 2006 as compared to previous years, arising from our strategy and actions to even out sales to achieve better production loading.

We continue to source production capacity from lower cost countries. In 2006, substantial progress was made through sourcing from Indonesia, China and Sri Lanka, and reducing sourcing from more expensive locations.

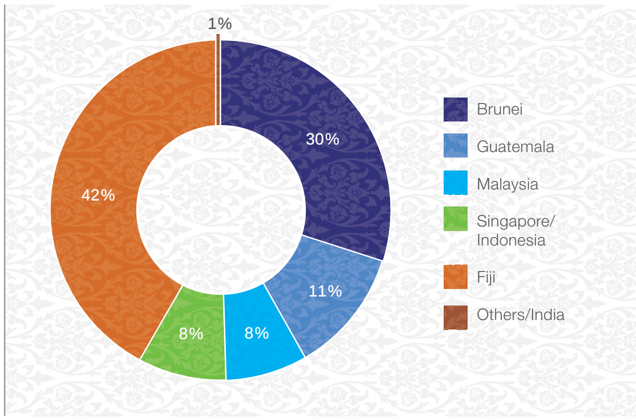
2006 Sourcing by Manufacturing Countries



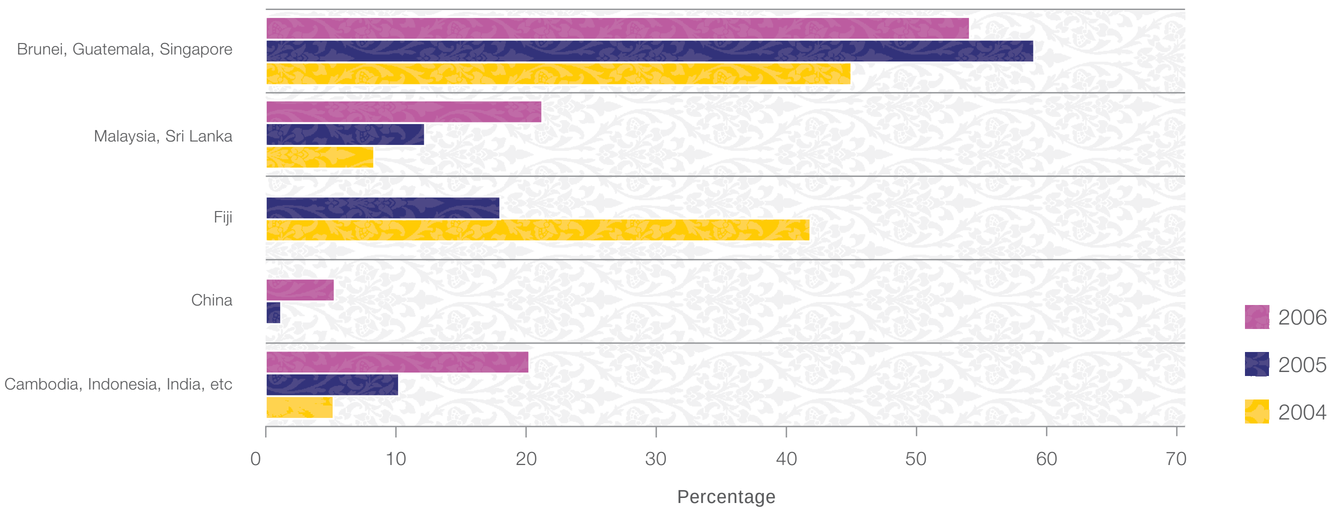
2005 Sourcing by Manufacturing Countries



2004 Sourcing by Manufacturing Countries



Comparative Sourcing by Manufacturing Countries



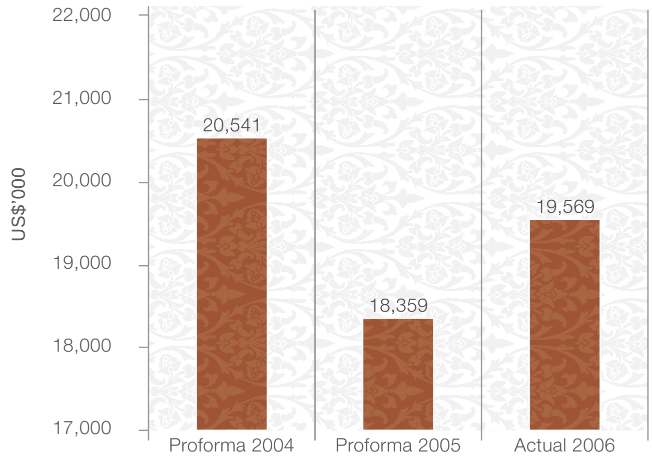
MARGIN

Gross profit was US$19.6 million as compared to US$18.4 million in FY2005 because of an improvement in unit price from US$43.50 per dozen to US$43.94 per dozen. The improvement was in part due to our ability to sell more higher-priced products to the Mass Merchants and Specialty Retailers. The improvement was also due to a reduction in landed duty paid ("LDP") sales, which are lower margin compared to free on board ("FOB") sales. Accordingly, there was an improvement in gross margin, which rose from 9.5% to 9.9%.

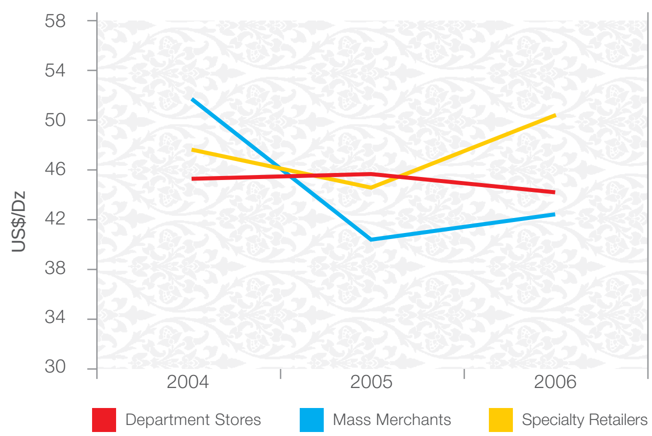
Improved gross margin, higher operating income and a one-off tax refund contributed to the increase in GLG's net profit by 21.2% to US$9.3 million compared to proforma net profit of US$7.7 million for 2005. This is despite an increase in finance costs by 58.3% to US$1.3 million compared to US$0.8 million in the previous year. The increase in finance costs was primarily due to a 200 basis-point increase in US dollar interest rates in 2006.

GLG delivered stronger operating results in 2006 with EBITDA increasing by 15.2% to US$11.4 million. This improvement in operating performance was due to better pricing (price per unit) and cost controls.

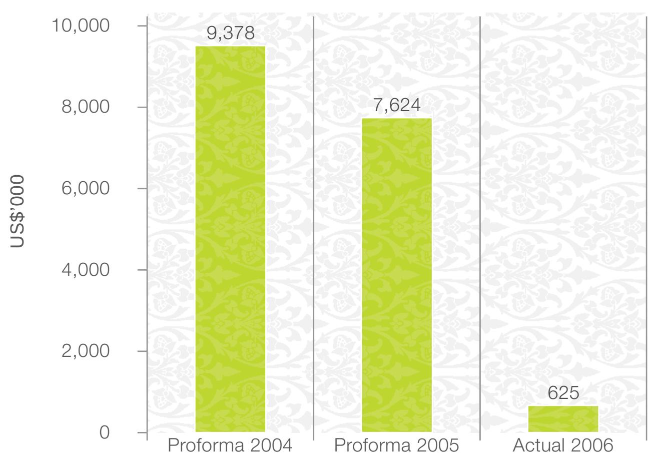
US$ Gross Profit



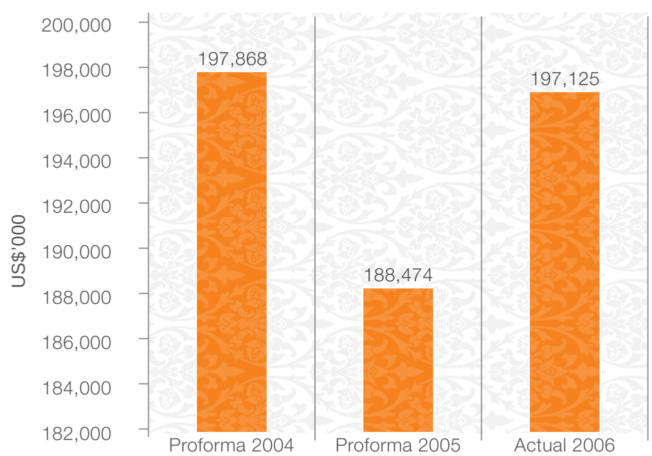
Price Per Dozen



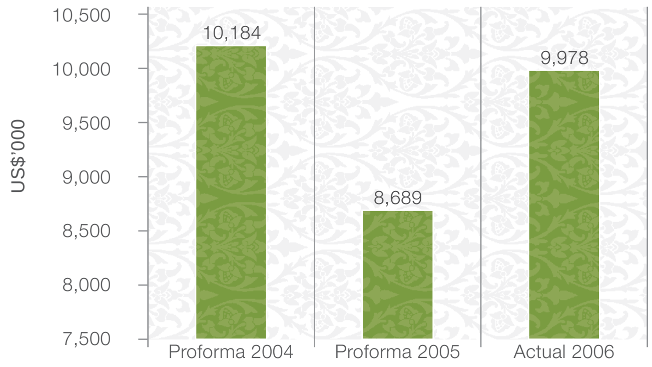
LDP Sales



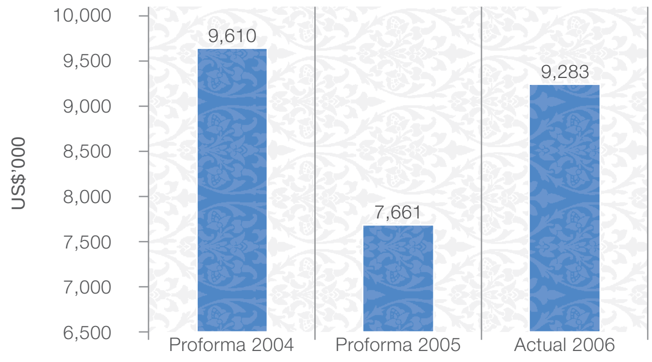
FOB Sales



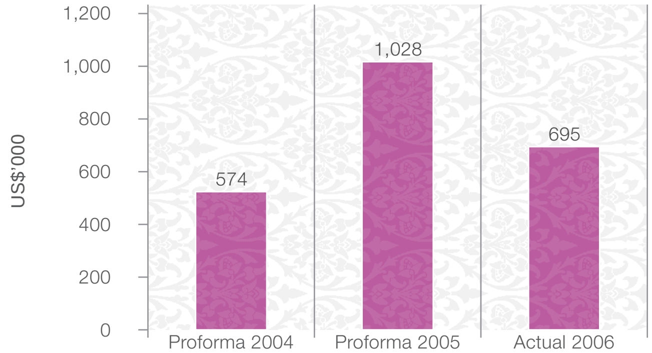
Net Profit Before Tax



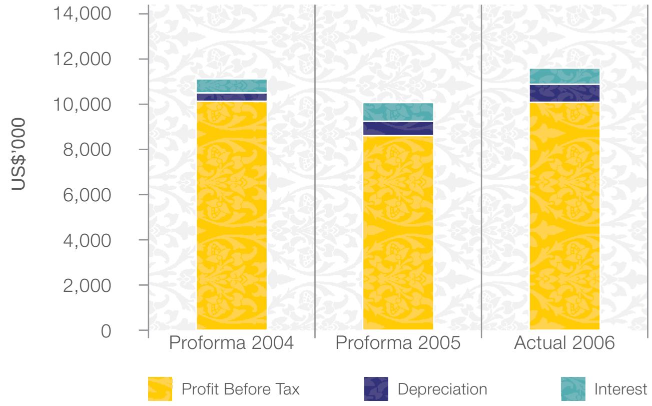
Net Profit After Tax



Income Tax Expenses



EBITDA



	Proforma 30 Jun 2004 US$'000	%	Proforma 30 Jun 2005 US$'000	%	Actual 30 Jun 2006 US$'000	%
EBITDA						
Profit before tax	10,184	4.9	8,689	4.4	9,978	5.1
Add back:						
Interest	219	0.1	496	0.3	815	0.4
Depreciation	559	0.3	735	0.4	631	0.3
Total	10,962	5.3	9,920	5.1	11,424	5.8

LIQUIDITY AND GEARING

GLG Corp is in a sound financial position with improved liquidity and gearing.

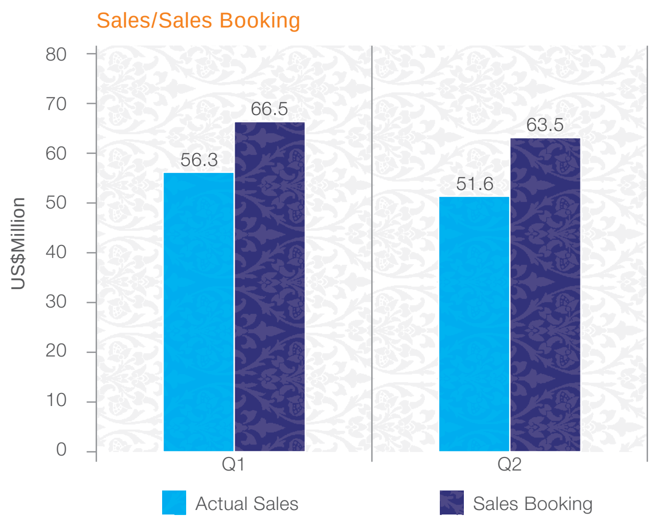
Our current ratio increased to 2.37x compared to 0.71x in the previous year. This was despite longer credit terms extended to some customers as evidenced by the lengthening of our Accounts Receivable (AR) turnover from 20 days to 31 days. Management is of the belief that 31 days is reasonable and acceptable given the size of our customers and the competitiveness of the market.

Payables and interest bearing liabilities fell by US$12.3 million, or by 53.0% to US$10.9 million as at 30 June 2006 compared to US$23.2 million as at 30 June 2005. The decline was largely due to repayment of interest bearing bank borrowings by 34.7%. However, available bank facilities (total facilities including unused facilities) remain in place for future growth.

GLG's Equity increased to US$19.8 million as at 30 June 2006, from US$0.03 million as at 30 June 2005, mainly due to funds raised from our IPO and from retained profits.

The capital raised from the IPO, the reduction in bank borrowings and strong operating profits have improved GLG's gearing (Total interest bearing liabilities/Equity) to 0.09 as compared to previous year's 1.12. The debt ratio (Total debts/Total assets) has similarly improved to 0.22 as compared to the previous year of 0.82.

	Proforma 2004	Proforma 2005	Actual 2006
AR turnover/ days	21.02	19.91	31.06
Current ratio	0.60	0.71	2.37
Gearing	1.49	1.12	0.09
Debt ratio	1.10	0.82	0.22
Average equity proportion	37%	45%	74%
Average debt proportion	63%	55%	26%



SALES BOOKINGS

We have received sales bookings of approximately US$130 million for the 1st half of FY07. Our actual sales for the 1st half of FY06 were US$107.9 million. We note actual sales from sales bookings are heavily dependent on suppliers meeting delivery schedules and customers not changing delivery windows. In addition, investor should note that demand may or may not continue into the 2nd half of FY07 at the same rate as the 1st half.

DIVIDENDS

The Board of Directors are recommending a full and final unfranked dividend of US6.20 cents per share.

New business model
to meet global demands

By focusing on supply chain management services and providing a one-stop full-service package, GLG has emerged as an agile and high performance organisation in an intensely competitive environment.

New capabilities
through innovation

The adoption of innovative technologies is essential on the road to the future. To drive sales and profitability, GLG must strengthen its existing competencies and services with ongoing investments in upgrading ERP systems, and implementing EDI systems for greater efficiencies in logistics and tracking of inventory.

New perspectives
on people development

Our culture is energised by the commitment our people bring to the business and the communities in which we operate with teamwork at the core of all our efforts. We believe that talented and motivated people are more powerful in an environment of mutual respect, trust and collaboration.

New service standards
for maximum client satisfaction

From first contact to commissioning and beyond, our customers find the whole team at GLG committed to quick response, timely deliveries and total service. Our commitment to service has contributed significantly towards maintaining strong relationships with our major customers.

Surina Gan | Candida Chung | Agnes Ng | Peter Tay

Key Management

Candida Chung Choon Nai
Group Chief Operating Officer

Candida joined GLG in September 2006 as Group Chief Operating Officer. She is responsible for overseeing the full operation of the Group from marketing through procurement, placement of orders all the way down to production planning and control.

Candida has over 20 years experience in the apparel industry. Prior to joining GLG, she was the Managing Director of Sears Buying Services, Inc., Singapore.

She is currently pursuing a MBA in Entrepreneurial Management with the Entrepreneurial Institute of Australia.

Surina Gan Meng Hui
Chief Marketing Officer

Surina joined GLG in July 2001 and is currently the Chief Marketing Officer. She began her career in the business as a Management Trainee where she was assigned the task of leading the manufacturing operations.

Surina is now responsible for the overall management of marketing, merchandising, design and product development. In addition to providing overall direction in the day-to-day management of sales activities, she also plans and implements marketing strategies to identify and expand the customer base and develop business opportunities on a global scale.

Surina graduated with a Bachelor of Science (Honours) from New York University-Stern in 2001.

Agnes Ng Moi Ngw
Chief Operating Officer
– Textile

Agnes joined GLG in September 2004 as Chief Operating Officer - Textiles. She is responsible for the procurement of raw materials.

Agnes has over 20 years experience in the textile industry. Prior to joining GLG, she was General Manager of Oceanic Textiles Private Ltd from 1981 to 2004.

She obtained a Diploma in Business Management from Ngee Ann Polytechnic in 1976.

Peter Tay Teck Keng
Chief Operating & Business Development Officer

Peter recently joined GLG as Chief Operating and Business Development Officer. His main responsibility is outsourcing the manufacturing process and developing new customers. He has over 20 years experience in merchandising and retailing in the apparel industry. He joined Gap International Sourcing Pte Ltd (Singapore) as merchandising manager in 1992 and was promoted to Merchandising Director. Prior to that he was with Dodwell Singapore for six years and a QC inspector with AMC Singapore for four years.

Peter graduated with a Diploma in Sales & Marketing from NPD/Springs Singapore.

Risk Management

Business Risks

Reliance on the US Market

GLG's sales to the US accounted for more than 95% of revenue for year ended 2006. Significant mergers amongst US retailers could cause an increase in US buyers' bargaining power and increased dependence on fewer retailers. A loss of a major customer could impact our revenues to the extent of US$30 million.

We intend to reduce this risk in the immediate term by increasing our US customer base and in the medium term by diversifying geographically.

Competition from Industry Players

The business operates in a very competitive industry and the phasing out of quota has intensified this competition. US retailers now have more flexibility in their choice of suppliers as they do not have to select those that hold large or specific quotas.

The competitiveness means that if GLG's service level, quality, product design and development, technology services and or/price competitiveness should 'slip', our profitability and prospects may be affected. If a major repeat sales program is lost, our annual revenue could fall by US$4 million.

We have mitigated this risk through comprehensive quality control measures included in every step of our supply chain. During the year, we continued to win vendor awards from key customers.

Dependence on Existing Major Manufacturers

GLG has long-term production contracts with strategic suppliers. If such suppliers are unable to deliver, we may not be able to source from other suppliers in the timeframes required by customers. This may affect our reputation and adversely affect future orders. We estimate that costs could rise by 3% a year if we had to shift all our sourcing to non-strategic suppliers.

We will manage this risk by having alternative sources of supply for all products.

Reliance on Executive Directors and Key Executives

We rely heavily on existing executive directors and key executives. Whilst these key personnel have all signed new service contracts with the Group, there is no guarantee they will not leave. The loss of any key personnel without timely replacement may adversely affected GLG's operations and profitability.

We have added key executives to our management team. We have put in place an internal education and development program for high potential key executives.

Country Risks

The Risk Environment of Countries the Company Operates in

We operate and source from many countries. Adverse changes in local economic, social, legal and political conditions in these countries could have an adverse impact on the business and financial position of GLG. If one of our major supply sources is affected, it will have the greatest adverse impact on us. We estimate that sales could fall by as much as US$60 million, if a major garment manufacturing site is closed.

We will manage this risk through diversification.

Product Liability

Our current main market is the US which subjects the company to US regulations regarding claims arising from supply, purchase and use of apparel supplied by the company. Where required by customers, the company takes out product liability insurance to guard against such liability. There is no assurance that such insurance coverage is enough to indemnify it against all liability. There is also no assurance that the legal fees incurred to defend such claims would be recoverable.

Legal Compliance Guidelines Set by Customers

The company's customers set certain criteria related to legal, social and ethical standards to be observed in the manufacture of their products. Failure to meet the criteria will lead to loss of business and of reputation. We estimate a potential loss in sales of up to US$5 million per month for any suspension of a major manufacturing site.

We manage this risk by inspecting our network of suppliers on a regular basis to ensure they meet all aspects of compliance requirements.

Financial Risks

Foreign Currency Risk

Our business is primarily in US dollars. However, the company's share price is denominated in A$. If there is any significant fluctuation in the US$ against Australian dollar, the company's share price could be adversely affected.

Credit Risk

As at 30 June 2006, trade receivables were US$16 million and accounted for approximately 8.5% of total sales. Our business extends credit selectively to US customers with a Standard and Poor's long-term debt rating of at least B+. However, there is no assurance that there will be no material bad debts in the future. The credit risk of a major open account customer could amount to US$4 million.

We manage this risk by selling to unrated US customers on a letter of credit basis. For rated customers we set credit risk limits based on their credit rating.

Tax Risk

Our business is subject to many tax regimes. Changes in tax laws and regulations or their interpretations or applications could adversely affect the tax liabilities of GLG. There is also no assurance that current concessions, incentives or exemptions will be renewed upon their expiration date.

Trade Finance Risk

Our business uses trade finance extensively. Each of the trade finance facilities is provided at the bank's discretion and may be terminated without notice with any sums owing made due and payable. The loss of any trade finance facility without timely replacement could have an adverse effect on our operations and profitability. We estimate a decrease of US$4 in revenue for every US$1 decrease in trade finance bank facilities.

We manage this risk by having good relationship management with our commercial bankers and by maintaining a large pool of supportive commercial bankers.

Corporate Governance Statement

The Board of directors of GLG Corp Ltd is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of GLG Corp Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

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 at least every second month 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
Samuel Scott Weiss	Non-executive Deputy Chairman and Independent Director
Eu Mun Leong	Director and Chief Financial Officer
Yong Yin Min	Director
Christopher Chong Meng Tak	Independent Director
Ernest Seow Teng Peng	Independent Director

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.

Corporate Governance – Best Practice Recommendations

GLG Corp Ltd adopts best practice recommendations put forward by the ASX Corporate Governance Council ("ASXCGC"). In accordance with the ASXCGC's recommendations, the Corporate Governance Statement must report on the Company's adoption of the ASXCGC's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted, together with the reasons why they have not been adopted. GLG Corp Ltd's corporate governance principles and policies are structured with reference to the ASXCGC's best practice recommendations, which are as follows:

(i) Lay solid foundations for management and oversight;
(ii) Structure the Board to add value;
(iii) Promote ethical and responsible decision-making;
(iv) Safeguard integrity in financial reporting;
(v) Make timely and balanced disclosure;
(vi) Respect the rights of shareholders;
(vii) Recognise and manage risk;
(viii) Encourage enhanced performance;
(ix) Remunerate fairly and responsibly;
(x) Recognise the legitimate interests of stakeholders.

GLG Corp Ltd's corporate governance practices were in place throughout the period ended 30 June 2006. As set out below, with the exception of the departures from the ASXCGC's recommendations in relation to the independence of the Board and Chairperson, the roles of Chairperson and Chief Executive Officer being performed by separate people and board performance evaluation, the corporate governance practices of GLG Corp Ltd were compliant with the Council's best practice recommendations.

Independence

ASXCGC best practice recommendation 2.1 requires a majority of the Board to be independent directors, 2.2 recommends that the Chairperson should be an independent director and 2.3 requires the roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.

ASXCGC provides a definition of independence to include being independent of management and free of any other business relationships that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement. In accordance with this definition and further independence guidelines outlined in ASXCGC best practice recommendations, three of the six directors were not considered to be independent.

The Board acknowledges the best practice requirement to maintain a majority independent Board. In assessing the makeup of the Board, GLG Corp Ltd aims for its directors to be independent in thought and judgement, as well as expecting the directors to add value. GLG Corp Ltd operates in an entrepreneurial environment, and both requires and benefits from the passionate involvement of directors who have been instrumental in launching the company and the business, and who have specialised knowledge of, and expertise in, this business sector. The Board structure is considered appropriate for GLG Corp Ltd at this stage of its growth.

As part of discharging its obligations as directors of the company, the company encourages directors to seek independent professional advice at the expense of the company where appropriate. Where issues or matters arise in relation to the running of the company, that in the opinion of the directors require independent professional advice to assist in the decision-making surrounding the resolution of these issues, the Board may engage such professional advice on standard commercial terms.

The ASXCGC recommends that the Chairperson should be an independent director. The Chairperson of GLG Corp Ltd, is the founder of the business, is integral in maintaining the business and important customer relationships and carries out a strategic executive role. GLG Corp Ltd has appointed a Lead Independent director, which is recommended by the ASXCGC where the Chairperson is not an independent director. The role of the lead independent director is to act as a representative for any collective views of the non-executive directors, to ensure that the voices of the non-executive directors carry significant weight in the Board's decision-making process, and to ensure that the Board understands and maintains boundaries between the Board and management responsibilities.

On 7 June 2006, Mr Soh, who had undergone heart surgery and recuperation from the operation, retired as Chief Executive Officer and as an Executive Director. Executive Chairperson Ms Ang has resumed this position until identification and recruitment of a successor.

Board Performance Evaluation

ASXCGC best practice recommendation 8.1 requires the disclosure of the process for performance evaluation of the Board, its committees and individual directors, and key executives. GLG Corp Ltd has only recently become an ASX listed entity and as such is progressively moving towards establishing complete best practice corporate governance principles. At this point the process of Board Performance Evaluation has been deferred until such time as the Board deems appropriate. The directors do consider and gauge the overall performance of the Board on a regular basis.

Directors' Report

The directors of GLG Corp Ltd ("GLG") submit herewith the annual financial report of the company for the financial period ended 30 June 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during and since the end of the financial period are:

Directors

Name

Estina Ang Suan Hong

Samuel Scott Weiss

Soh Guan Kiat (Retired June 2006)

Eu Mun Leong

Christopher Chong Meng Tak

Ernest Seow Teng Peng

Yong Yin Min (Appointed June 2006)

Information on Directors

Estina Ang Suan Hong

Executive Chairman and Chief Executive Officer, 53

Estina founded GLG Corp Ltd ('GLG'). Estina is the Executive Chairman of GLG and is a member of the Nomination and Remuneration committee. With the unexpected retirement of Mr Soh Guan Kiat for health reasons, Estina resumed the position of Chief Executive Officer pending a new appointment.

Estina has over 25 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. She then founded her own group wth six sewing machines. Today, GLG is a global supplier of quality apparel primarily to major retailers in the USA. In 2005, GLG sold 55 million garment pieces.

Estina was also the founder of the GLIT Group, a key garment-manufacturing supplier of GLG. She oversaw GLIT Group's establishment of operations in Malaysia, Fiji, Brunei, Indonesia, Guatemala, China and Sri Lanka. Estina divested GLIT Group following the listing of GLG.

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

Samuel Scott Weiss

Non-Executive Deputy Chairman and Lead Independent Director, 52

Mr Weiss brings valuable experience in all aspects of supply chain management and global logistics in a multi-national environment. Mr Weiss joined the Board on 12 October 2005 as the Non-Executive Deputy Chairman and lead independent director. He is also a member of the Audit committee and Chairman of the Nomination and Remuneration committee.

Mr Weiss currently serves as Chairman of the board of directors of OrotonGroup Limited and Ecos Corporation Pty Ltd, and is a director of Easy Being Green Pty Ltd, Open Universities Pty Ltd, Sydney Festival and The Benevolent Society. Mr Weiss has an AB from Harvard University and an MS from Colombia University. He is the President of the Harvard Club of Australia and is a director of the Harvard Alumni Association. Mr Weiss brings considerable board experience and knowledge of Corporate Governance to GLG Corp Ltd.

Eu Mun Leong

Director and Chief Financial Officer, 54

Mun Leong joined GLG as its Chief Financial Officer in May 2003. He is responsible for the overall planning, control and management of GLG's financial functions. He joined the board as a director on 12 October 2005.

Mun Leong has over 25 years of accounting and financial management experience and has spent 15 years in the banking industry. He started with Chase Manhattan Bank, NA in 1981 and became Second Vice President after handling portfolios in wholesale banking, real estate finance and investment banking. Mr Eu left Chase Manhattan Bank in 1990 to take up the position of Vice President of UOB (Corporate Finance and Corporate Banking) until 1997. From 1997 to 2002, Mr Eu was the Chief Financial Officer of the related groups of Liang Court, Somerset and the Ascott and later Senior Vice President, Risk Assessment group of Capital Land Limited.

Mun Leong has a Master of Business Administration from University of Pittsburgh, USA, a Bachelor of Accountancy (Honours) from University of Singapore and is a fellow of the Institute of Certificate Public Accountants of Singapore and a fellow of CPA Australia. Mun Leong is also a member of the Singapore Institute of Directors.

Christopher Chong Meng Tak

Independent Director, 48

Christopher joined the Board as an independent director of GLG on 12 October 2005 and is a member of the Audit committee.

Christopher is a partner of ACH Investments Pte Ltd, a specialist corporate advisory firm based in Singapore with operations across the Asia Pacific and in the USA. Prior to co-founding ACH Investments Pte Ltd, he was a multi-award winning strategist 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. He is a director of several public companies listed on the Australia, Singapore and Luxembourg stock exchanges and an advisor to many private companies, Asian families and the judicial branch of the Singapore Government.

Christopher has extensive Asia Pacific experience with previous positions as advisor to many companies listed on the Exchange of Hong Kong, Jakarta (Indonesia), Kuala Lumpur (Malaysia), Makati (Philippines) and Bangkok (Thailand). He is a member of the Institute of Chartered Accountants of Scotland, a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Hong Kong Institute of Investment Analysts, 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. He has received a B.Sc. (Economics) from the University College of Wales, an MBA from London Business School and is also a Chartered Accountant with Institute of Chartered Accountants of Scotland.

Ernest Seow Teng Peng

Independent Director, 61

Ernest joined the Board as an independent director of GLG on 12 October 2005 and is the Chairman of the Audit committee and a member of the Nomination and Remuneration committee.

Ernest has over 40 years of experience in the public accounting profession and was a partner of several international public accounting firms for about 24 years. In June 2004, Ernest retired as a partner of PricewaterhouseCoopers.

Ernest was the audit engagement partner for a large number of public listed companies in Singapore and is thus familiar with the requirements of listed companies, corporate governance, setting up internal controls, restructuring and other financial matters. He was involved in the listing of a number companies on the Stock Exchange of Singapore.

Ernest is currently an independent director of two listed companies, SM Summit Holdings Ltd and SSH Corporation Ltd.

He is a fellow of CPA Australia, Associates member of the Institute of Chartered Accountants in Australia and CPA Singapore.

Yong Yin Min
Director, 54

Yin Min joined the Board as a director of GLG on 7 June 2006. Yin Min is also a director of Ghim Li Group Pte Ltd, the parent company of GLG.

Yin Min supports Estina in Strategic Market Planning, reviewing opportunities for acquisitions and in grooming the next generation of GLG managers. Yin Min had a career in banking specializing in commercial and merchant lending before he joined the Group in January 2004. In addition, he has extensive experience in market planning, human resource development, consulting and in private equity.

Yin Min has a Masters Degree in Business Administration from the University of Toronto and a Masters Degree in Financial Engineering from the National University of Singapore.

Soh Guan Kiat
Director and Chief Executive Officer, 59

Mr Soh Guan Kiat was GLG's Chief Executive Officer. Mr Soh joined GLG in May 2002 and was GLG's former Chief Operating Officer. Mr Soh was responsible for executing the Business plans of GLG and leading the Business' operations towards further global expansion. Mr Soh committed to maintaining and developing good business relationships with GLG's global customers.

Mr Soh has over 25 years of experience in the apparel industry. From 1987 to 2002, Mr Soh was Vice President, Operations, of Foot Locker Sourcing Inc. Prior to this, Mr Soh held the position of Director Associated Merchandising Corporation from 1981 to 1986. From 1977 to 1981, Mr Soh was with Metro Holdings Ltd where he held the position of Assistant Merchandise Manager.

Mr Soh graduated with a Bachelor of Social Sciences (Honours) from the University of Singapore, and is a member of the Singapore Institute of Directors.

Mr Soh has recently undergone heart surgery and is recuperating from the operation. He retired as Chief Executive Officer and as an Executive Director on 7 June 2006.

Directorships of Other Listed Companies

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

Name	Company	Period of Directorship	Audit Committee
Estina Ang Suan Hong	Nil	Nil	Nil
Samuel Scott Weiss	Oroton Group Limited	Since 2003	Yes
Eu Mun Leong	Nil	Nil	Nil
Christopher Chong Meng Tak	Lorenzo International Limited	Since 2006	Yes
	ASL Marine Holdings Ltd	Since 2006	Yes
	SKY China Petroleum Services Ltd	Since 2004	Yes
	Koon Holdings Limited	Since 2003	Yes
	Xpress Holdings Limited	Since 2001	Yes
	Koda Ltd	Since 2001	Yes
	Nexus Asia Fund	Since 1999	N.A.
Ernest Seow Teng Peng	SM Summit Holdings Ltd	Since 2005	No
	SSH Corporation Ltd	Since 2005	Yes (Chairman)
Yong Yin Min	Nil	Nil	Nil

Company Secretary

Mr Shane Hartwig is a Certified Practising 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.

Shane is involved in the areas of IPOs, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice and is currently Joint Company Secretary of an ASX listed medical device company, Genesis Biomedical Limited on a contract basis.

Shane has over 15 years experience in the finance industry both nationally and internationally with exposure in both the debt and equity capital markets.

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

Principal Activities

Global supplier of knitwear/apparel and supply chain management operation.

Review of Operations

GLG's net profit rose 21.2% to US$9,283 thousand, versus net profit of US$7,661 thousand in the previous year.

GLG's sales increased by US$1,662 thousand, or 0.8% to US$197,776 thousand as compared to sales of US$196,114 thousand in the previous year.

Other income increased by US$790 thousand to US$2,301 thousand, mainly from supplier's commission received.

Cost of sales increased by US$452 thousand, or 0.3%, to US178,207 thousand as compared to cost of sales US$177,755 thousand in the previous year.

GLG gross profit was US$19,569 thousand as compared to gross profit of US$18,359 in previous year. Gross margin remained stable.

Selling & Distribution cost went down to US$1,093 thousand as compared to expenses of US$1,182 thousand in the previous year. The decrease in expenses was due to better operational planning resulting in minimal air-freight during the year.

Administrative and other operating expenses increased slightly by 3.4% from US$9,160 thousand in the previous year to US$9,471 thousand this year. This is due to higher headcount and thus increases in higher salaries, and staff related cost. The weakening of US currency has caused higher exchange losses under other operating expenses for the year.

Finance cost rose to US$1,328 thousand as compared to US$839 thousand in the previous year. The increase was due to the higher volume of letters of credit processed and significantly higher loan interest rate for USD borrowings.

Tax expense was reduced by US$333 thousand to US$695 thousand as compared to US$1,028 thousand in the previous year. The decrease was due to a one-off tax refund from the Tax Authority of Singapore in respect of prior year taxes.

The discussion that follows compares the Consolidated Balance Sheet as at 30 June 2006 with that of 30 June 2005.

Cash as at 30 June 2006 was US$5,077 thousand and US$2,015 thousand as at 30 June 2005. The increase was due to unutilised IPO proceeds and operating cash flow.

Receivables increased by US$6,131 thousand, or 57.3%, to US$16,829 thousand as at 30 June 2006 as compared to US$10,698 thousand as at 30 June 2005. The increase was attributable to higher year-end shipments to customers with longer credit terms.

Review of Operations (cont'd)

Other prepayments decreased by US$345 thousand, or 33.2%, to US$693 thousand as at 30 June 2006 as compared to US$1,038 thousand as at 30 June 2005. The decrease was due mainly to recognition of IPO prepaid expenses against IPO issue proceeds.

Payables and interest bearing liabilities fell by US$12,305 thousand, or 53.0% to US$10,916 thousand as at 30 June 2006 as compared to US$23,221 thousand as at 30 June 2005. The decline was largely due to repayments of interest bearing liabilities under bank facilities. The bank facilities remained in place for future growth.

Equity increased to US$19,841 thousand as at 30 June 2006, from US$30 thousand as at 30 June 2005, mainly from contributed equity from the IPO proceeds and from retained profits as at 30 June 2006.

The discussion that follows compares the Consolidated Statement of Cash flow as at 30 June 2006 with that of 30 June 2005.

GLG's cash from operating activities improved to an inflow of US$8,241 thousand as at 30 June 2006 as compared to inflow of US$478 thousand as at 30 June 2005.

We believe our cash flow 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

During the financial period, there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

In respect of the financial period ended 30 June 2006, the directors recommend the payment of a final unfranked dividend of US6.20 cents per share to the holders of fully paid ordinary shares on 18 October 2006.

Share Options

No share options were exercised during or since the end of the period. Refer to Remuneration Report for details of options granted to directors.

Indemnification of Officers and Auditors

During or since the end of the period, GLG Corp has not given any indemnity to a current or former auditor or officer against a liability or made any agreement under which an officer or auditor may be given any indemnity of the kind covered by sub-section 199A (2) or (3) under the Corporation Act 2001.

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial period and the number of meetings attended by each director (while they were a director or committee member).

During the financial period, 4 board meetings, 2 nomination and remuneration committee meetings and 2 audit committee meetings were held.

	Board of Directors		Nomination & Remuneration Committee		Audit Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Estina Ang Suan Hong	4	4	2	2	–	–
Samuel Scott Weiss	4	4	2	2	2	2
Soh Guan Kiat	4	4	–	–	–	–
Eu Mun Leong	4	4	–	–	2	2
Ernest Seow Teng Peng	4	4	2	2	2	2
Christopher Chong Meng Tak	4	4	-	–	2	2
Yong Yin Min	–	–	–	–	–	–

Directors' Shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights 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
Estina Ang Suan Hong	54,860,000
Samuel Scott Weiss	20,000
Eu Mun Leong	16,000
Christopher Chong Meng Tak	–
Ernest Seow Teng Peng	–
Yong Yin Min	–

Remuneration report

Remuneration policy for key management personnel

The remuneration for key management personnel is determined as follows:

- For the Executive Chairman, Chief Executive Officer, Company Secretary and Chief Financial Officer, the Nomination and Remuneration committee determines and makes recommendations to the Board on remuneration packages and other terms of employment having regard to the need 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.
- 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.

Remuneration of directors and executives

Each executive director of the company has entered into a service agreement with Ghim Li Global Pte Ltd. 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, with the exception of Mr Yong Yin Min:

- commenced their terms as an executive of Ghim Li Global Pte Ltd on 1 January 2005, for a 3-year term, and thereafter their engagement automatically continues for year to year, unless their Service Agreement is terminated;
- covenanted to not compete against GLG's operations for a period of 12 months after cessation of employment with Ghim Li Global Pte Ltd;
- 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.

Mr Yong Yin Min was appointed as a director on 7 June 2006. He is an executive of Ghim Li Group Pte Ltd, the parent company of GLG. Mr Soh Guan Kiat ceased as an executive director on 7 June 2006.

The service agreements contain otherwise standard terms, including with regard to each executive's duties, Ghim Li Global Pte Ltd owning 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 annum. They may also be entitled to an annual bonus determined by the Nomination and Remuneration committee, in its absolute discretion.

GLG has 3 key managers, as follows:

- Agnes Ng Moi Ngw, Chief Operating Officer – Textiles
- Surina Gan Meng Hui, Chief Marketing Officer
- Peter Tay Teck Keng, Chief Operating and Business Development Officer

Remuneration report (cont'd)

Remuneration of directors and executives (cont'd)

Each of these 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, save only that Mr Tay joined Ghim Li Global Pte Ltd on 10 October 2005 and, as such, his 3-year term commences on that date.

Each key manager receives a salary per annum, reviewed by the Chief Executive Officer or the Chairman annually with reference to the progress of GLG. Each may also be entitled to an annual bonus determined by the Chief Executive Officer or the Chairman, reviewed by the Nomination and Remuneration Committee, and approved by the Board at the Board's absolute discretion. Cash bonuses were paid in January 2006 in respect of the calendar year to December 2005 and are based on the performance of the consolidated entity and the discretion of management.

Share option plan

In respect of each independent director, upon listing of the company, Ghim Li Group Pte Ltd (ultimate parent entity of GLG Corp Ltd) agreed to assign 300,000 shares to an escrow agent on or before 11 October 2006. Each Independent Director is entitled to receive up to 100,000 of these shares for nil consideration, receivable as follows:

Upon the first anniversary of their appointment	33,333 shares for 1 year's continuous service as a Director
Upon the second anniversary of their appointment	33,333 shares for 2 year's continuous service as a Director
Upon the third anniversary of their appointment	33,333 shares for 3 year's continuous service as a Director

The purpose of the share options are to:

- provide long-term incentive to each independent director to remain with the group;
- improve the long-term performance of the company.

The options issued to each of the non-executive directors form part of their overal compensation package and represent the long-term incentive component of this agreed package. This component of the package has been determined after considering and reviewing packages being paid by comparable listed companies both in terms of size and profitability.

The following share based payment arrangements were in existence during the period:

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
11 Oct 06 (1)	100,000	14 Dec 05	11 Oct 06	–	0.74
11 Oct 07 (2)	100,000	14 Dec 05	11 Oct 07	–	0.74
11 Oct 08 (3)	100,000	14 Dec 05	11 Oct 08	–	0.74

No options were exercised during the year.

The fair value of options granted during the year is $0.74. Each independent director is granted shares at a zero strike price. The value of the options is determined as the difference between the share price at grant date and the strike price of zero.

Remuneration report (cont'd)

Share option plan (cont'd)

The share options outstanding as at 30 June 2006 have a weighted average remaining contractual life of 15.35 months.

The following reconciles the outstanding share options granted under the share option plan at the beginning and end of the financial year.

	2006		2005	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance at beginning of financial year	–	–	–	–
Granted during the financial year	300,000	–	–	–
Forfeited during the financial year	–	–	–	–
Exercised during the financial year	–	–	–	–
Balance at end of the financial year	300,000	–	–	–
Exercisable at end of the financial year (i)	–	–	–	–

(i) There are no options exercisable at the end of the financial year.

Key management personnel details

The directors of GLG Corp Ltd during the period were:

- Estina Ang Suan Hong (Executive Chairman and Chief Executive Officer)
- Samuel Scott Weiss (Non-Executive Deputy Chairman and Independent Director)
- Soh Guan Kiat (Director and Chief Executive Officer) (Retired June 2006)
- Eu Mun Leong (Director and Chief Financial Officer)
- Christopher Chong Meng Tak (Independent Director)
- Ernest Seow Teng Peng (Independent Director)
- Yong Yin Min (Director)(Appointed June 2006)

The group executives of GLG Corp Ltd during the period were:

- Agnes Ng Moi Ngw (Chief Operating Officer Textiles)
- Peter Tay Teck Keng (Chief Operating and Business Development Officer)
- Surina Gan Meng Hui (Chief Marketing Officer)
- Lee Kim Ho (Sales and Marketing Manager)
- Fok Chor Lim Ricky (Regional Head - Hong Kong)

Elements of key management personnel remuneration

Remuneration packages contain the following key elements:

(a) Primary benefits – salaries/fees, bonuses

(b) Other benefits

(c) Post-employment benefits

Remuneration report (cont'd)

Elements of key management personnel remuneration (cont'd)

The following table discloses the remuneration of the key management personnel of the company and the executives of the consolidated entity:

2006	Primary Salary & Fees US$	Primary Bonus US$	Primary Other US$	Post-employment Super-annuation US$	Post-employment Prescribed Benefits US$	Post-employment Other US$	Equity Options US$	Other Benefits US$	Total US$
Directors									
Estina Ang Suan Hong	164,024	45,562	29,440	11,682	–	–	–	–	250,708
Samuel Scott Weiss	40,458	–	–	–	–	–	23,178	–	63,636
Soh Guan Kiat	182,249	22,781	14,720	4,815	–	–	–	–	224,565
Eu Mun Leong Christopher	94,769	11,846	7,654	5,613	–	–	–	–	119,882
Chong Meng Tak	15,173	–	–	–	–	–	23,178	–	38,351
Ernest Seow Teng Peng	15,173	–	–	–	–	–	23,178	–	38,351
	511,846	80,189	51,814	22,110	–	–	69,534	–	735,493
Executives									
Surina Gan Meng Hui	99,629	13,669	8,832	8,055	–	–	–	–	130,185
Peter Tay Teck Keng	82,012	–	8,832	3,317	–	–	–	–	94,161
Agnes Ng Moi Ngw	100,237	12,530	8,096	5,737	–	–	–	–	126,600
Lee Kim Ho	69,255	23,085	3,729	4,784	–	–	–	–	100,853
Ricky Fok Chor Lim	28,286	–	–	–	–	–	–	–	28,286
	379,419	49,284	29,489	21,893	–	–	–	–	480,085
Total	891,265	129,473	81,303	44,003	–	–	69,534	–	1,215,578

2005	Primary Salary & Fees US$	Primary Bonus US$	Primary Other US$	Post-employment Super-annuation US$	Post-employment Prescribed Benefits US$	Post-employment Other US$	Equity Options US$	Other Benefits US$	Total US$
Directors									
Estina Ang Suan Hong	216,515	481	17,488	4.618	–	–	–	–	239,102
Samuel Scott Weiss	–	–	–	–	–	–	–	–	–
Soh Guan Kiat	180,429	481	14,573	2 306	–	–	–	–	197,789
Eu Mun Leong Christopher	93,823	481	7,578	4,618	–	–	–	–	106,500
Chong Meng Tak	–	–	–	–	–	–	–	–	–
Ernest Seow Teng Peng	–	–	–	–	–	–	–	–	–
	490,767	1,443	39,639	11,542	–	–	–	–	543,391
Executives									
Surina Gan Meng Hui	79,389	9,021	6,412	6,148	–	–	–	–	100,970
Peter Tay Teck Keng	–	–	–	–	–	–	–	–	–
Agnes Ng Moi Ngw	78,938	1,804	8,015	3,903	–	–	–	–	92,660
Lee Kim Ho	68,563	17,141	3,692	6,947	–	–	–	–	96,343
Ricky Fok Chor Lim	–	–	–	–	–	–	–	–	–
	226,890	27,966	18,119	16,998	–	–	–	–	289,973
Total	717,657	29,409	57,758	28,540	–	–	–	–	833,364

Remuneration report (cont'd)

Elements of Remuneration Related to Performance

The Nomination and Remuneration committee has established and provided certain recommended guidelines to the Chief Executive Officer relating to the scale and calculation of the short-term incentive components of executive directors and senior management remuneration packages. A component of these recommended short term incentives are linked to the performance of the company including revenue achieved, profitability and other performance measures.

Key Management Personnel Compensation

(a) Key management personnel compensation policy

In relation to senior management, the Nomination and Remuneration committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval. In relation to the Executive Chairman, Chief Executive Officer and the Chief Financial Officer, the Nomination and Remuneration committee determines and makes recommendations to the Board on remuneration packages and other terms of employment having regard to the need to attract, retain and develop appropriately skilled people. Remuneration of the senior management team 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. Each executive director of the company has entered into a service agreement with Ghim Li Global Pte Ltd. They are not remunerated separately for being a director or executive of the company or other operating entities. Each executive director receives a salary per annum. They may also be entitled to an annual bonus determined by the Nomination and Remuneration committee, in its absolute discretion. Each key manager also receives a salary per annum and may also be entitled to an annual bonus determined by the Chief Executive Officer or the Chairman, reviewed by the Nomination and Remuneration Committee, and approved by the Board at the Board's absolute discretion.

(b) Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Short-term employee benefits	1,102	805	71	–
Post-employment benefits	44	29	–	–
Share based payments	70	–	70	–
	1,216	834	141	–

Proceedings on Behalf of the Company

No application under section 237 of the Corporations Act 2001 has been made in respect of the company and there are no proceedings that a person has brought or intervened in on behalf of the company under that section.

Non-Audit Services

The directors are satisfied that the provision of non-audit services, during the period, 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.

Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in note 6 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration is included in page 44 of the financial report.

Rounding Off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Estina Ang Suan Hong
Executive Chairman
Singapore,
12 September 2006

Auditors' Independence Declaration

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Anz Centre
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The Board of Directors
GLG Corp Limited
Level 5, 33 York Street
SYDNEY NSW 2000

12 September 2006

Dear Board Members

GLG Corp Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GLG Corp Ltd.

As lead audit partner for the audit of the financial statements of GLG Corp Ltd for the financial year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Lyn Cox
Partner
Chartered Accountant

Liability limited by a scheme approved under Professional Standards Legislation.

Member of
Deloitte Touche Tohmatsu

Independent Audit Report to the Members of GLG Corp Limited

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Scope

The financial report, compensation disclosures and directors responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both GLG Corp Limited (the company) for the period 12 October 2005 to 30 June 2006 and the consolidated entity for the year ended 30 June 2006 as set out on pages 47 to 96. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the period.

The company has disclosed information about the compensation of key management personnel ("compensation disclosures") as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 Related Party Disclosures ("AASB 124") under the heading "remuneration report" on pages 38 to 42 of the directors' report, and not in the financial report, as permitted by the Corporations Regulations 2001.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the compensation disclosures contained in the directors' report.

Audit approach

We have conducted an independent audit of the financial report and compensation disclosures in order to express an opinion on them to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement and the compensation disclosures comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

Independent Audit Report to the Members of GLG Corp Limited (Cont'd)

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations, their changes in equity and their cash flows and whether the compensation disclosures comply with AASB 124.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

(1) the financial report of GLG Corp Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006, the consolidated entity's performance for the year ended on that date and the company's performance for the period 12 October 2005 to 30 June 2006; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

(2) the compensation disclosures that are contained under the heading "remuneration report" on pages 38 to 42 of the directors' report comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 Related Party Disclosures.

DELOITTE TOUCHE TOHMATSU

L.T Cox
Partner
Chartered Accountants
Hobart, 12 September 2006

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Member of
Deloitte Touche Tohmatsu

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 and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(c) the directors have been given the declarations required by s.295A of the Corporations Act.

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

On behalf of the Directors

Estina Ang Suan Hong
Executive Chairman
Singapore,
12 September 2006


little tikes
KAREN SCOTT
SPORT
CLASSIC
ELEMENTS
PETITE
Style&co
CHARTER CLUB

Financial Report

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Income statement for the financial period ended 30 June 2006

	Note	Consolidated 2006 US$'000	Consolidated 2005 US$'000	Company 2006 US$'000	Company 2005 US$'000
Sales	2	197,776	196,114	–	–
Cost of sales		(178,207)	(177,755)	–	–
Gross profit		19,569	18,359	–	–
Other revenue	2	1,641	1,114	–	–
Other income	2	660	397	5,031	–
Distribution expenses		(1,093)	(1,182)	(15)	–
Administration expenses		(8,823)	(8,613)	(141)	–
Finance costs		(1,328)	(839)	–	–
Other expenses		(648)	(547)	(52)	–
Profit before income tax expense	2	9,978	8,689	4,823	–
Income tax expense	3	(695)	(1,028)	–	–
Profit for the period		9,283	7,661	4,823	–
Earnings per share:					
Basic (cents per share)	20	13.85	13.10	–	–
Diluted (cents per share)	20	13.85	13.10	–	–

Notes to the financial statements are included on pages 54 to 96.

Balance sheet as at 30 June 2006

	Note	Consolidated 2006 US$'000	Consolidated 2005 US$'000	Company 2006 US$'000	Company 2005 US$'000
Current Assets					
Cash and cash equivalents	32(a)	5,077	2,015	526	–
Trade and other receivables	7	16,829	10,698	5,000	–
Inventories	8	–	1,480	–	–
Other Current Assets	9	693	1,038	99	–
Total Current Assets		22,599	15,231	5,625	–
Non-Current Assets					
Trade and other receivables	10	6,804	6,804	–	–
Investment in subsidiaries	28	–	–	53,410	–
Property, plant and equipment	11	1,587	1,847	–	–
Other intangible assets	12	686	534	–	–
Total Non-Current Assets		9,077	9,185	53,410	–
Total Assets		31,676	24,416	59,035	–
Current Liabilities					
Trade and other payables	13	3,389	3,290	729	–
Borrowings	14	5,319	17,160	–	–
Current tax payables	3(b)	832	648	–	–
Other financial liabilities	15	–	335	–	–
Total current liabilities		9,540	21,433	729	–
Non-current liabilities					
Borrowings	16	2,208	2,771	–	–
Deferred tax liabilities	3(c)	87	182	–	–
Total Non-Current Liabilities		2,295	2,953	–	–
Total Liabilities		11,835	24,386	729	–
Net Assets		19,841	30	58,306	–
Equity					
Issued capital	17	10,193	–	53,483	–
Reserves	18	–	(335)	–	–
Retained earnings	19	9,648	365	4,823	–
Total Equity		19,841	30	58,306	–

Notes to the financial statements are included on pages 54 to 96.

Consolidated statement of recognised income and expense for the financial period ended 30 June 2006

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Net income recognised directly in equity	–	–	–	–
Profit for the period	9,283	7,661	4,823	–
Total recognised income and expense for the period	9,283	7,661	4,823	–
Attributable to:				
Equity holders of the parent	9,283	7,661	4,823	–

Notes to the financial statements are included on pages 54 to 96.

Cash flow statement for the financial period ended 30 June 2006

	Note	Consolidated 2006 US$'000	Consolidated 2005 US$'000	Company 2006 US$'000	Company 2005 US$'000
Cash flows from operating activities					
Receipts from customers		194,432	189,762	(99)	–
Payments to suppliers and employees		(185,253)	(188,052)	(134)	–
Interest and other costs of finance paid		(816)	(496)	–	–
Interest received		389	–	31	–
Income tax paid		(511)	(736)	–	–
Net cash provided by/(used in) operating activities	32(c)	8,241	478	(202)	–
Cash flows from investing activities					
Payment for investment securities	28	–	–	(53,410)	–
Proceeds from sales of property, plant and equipment		185	–	–	–
Payment for property, plant and equipment		(482)	(152)	–	–
Payment for intangible assets		(229)	(534)	–	–
Net cash (used in) investing activities		(526)	(686)	(53,410)	–
Cash flows from financing activities					
Proceeds from issues of equity securities		11,544	–	54,834	–
Payment for share issue costs		(1,351)	–	(1,351)	–
Repayment of borrowings		(13,451)	(1,934)	655	–
Net cash (used in)/provided by financing activities		(3,258)	(1,934)	54,138	–
Net increase in cash and cash equivalents		4,457	(2,142)	526	–
Cash and cash equivalents at the beginning of the financial period		620	2,762	–	–
Cash and cash equivalents at the end of the financial period	32(a)	5,077	620	526	–

Notes to the financial statements are included on pages 54 to 96.

Notes to the financial statements for the financial period ended 30 June 2006

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Notes to the financial statements for the financial period ended 30 June 2006

1. SUMMARY OF 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 Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS.

The financial statements were authorised for issue by the directors on 12 September 2006.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS 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.

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.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the period ended 30 June 2006 and the comparative information presented in these financial statements for the period ended 30 June 2005.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

Basis of preparation (cont'd)

Reverse acquisition

On 9 November 2005, GLG acquired certain entities comprising the marketing group of the Ghim Li Global Group for consideration of US$62,249 thousand. In accordance with A-IFRS this was accounted for under AABS 3 Business Combinations. In accordance with reverse acquisition accounting principles, the assets and liabilities of entities comprising the marketing group (as referred to in Note 28) are recorded at their book value on consolidation rather than their fair value.

The parent entity, GLG was incorporated on 12 October 2005, however in accordance with the disclosure requirements of AASB 3 Business Combinations the consolidated Income Statement includes results from the operations of the various Ghim Li Global Group entities acquired by GLG (refer Note 28) for the period ended 30 June 2006.

Similarly, the comparative information presented represents the consolidated Income Statement and Balance Sheet of the various Ghim Li Global Group entities acquired by GLG (refer Note 28) for the period ended 30 June 2005.

The company's financial period is from 12 October 2005 to 30 June 2006 and there are no comparative amounts for the company.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(c) Date of incorporation

The company was incorporated on 12 October 2005. However, the current period figures include amounts attributable to operating subsidiaries from 1 July due to the requirements of AASB 3 Business Combinations referred to above. Under these requirements, the consolidated financial statements show a full 12 months of income and expenditure.

Notes to the financial statements for the financial period ended 30 June 2006

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(d) 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 employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months 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.

Define contribution plans

Contribution to define contribution superannuation plans are expensed when incurred.

(e) Financial assets

Investments are recognised and derecognised on trade date where 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. Subsequent to initial recognition, investments in subsidiaries are measured at cost. 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 financial statements. Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' 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.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(f) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Notes to the financial statements for the financial period ended 30 June 2006

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(f) Financial instruments issued by the company (cont'd)

Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(g) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

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 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, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(g) Foreign currency (cont'd)

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

(h) 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 as operating cash flows.

(i) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible 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). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(i) Impairment of assets (cont'd)

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Income tax

Current tax

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

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from 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. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and 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, associates and 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 assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the financial statements for the financial period ended 30 June 2006

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(j) Income tax (cont'd)

Deferred tax (cont'd)

Deferred tax assets and 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 and assets 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 income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(k) Intangible asset

Patents, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Notes to the financial statements for the financial period ended 30 June 2006

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(k) Intangible asset (cont'd)

Internally-generated intangible assets

Internally-generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

- capitalised development costs 5 years

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

(l) Inventories

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.

(m) Leased assets

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.

Consolidated entity 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 balance sheet 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.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(n) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(o) Presentation currency

Functional currency is in US dollars as all group sales are denominated in US dollars and to US based customers. Presentation currency is also in US dollars as the directors consider it is more appropriate given the history of the consolidated entity, its principal place of business and its functional currency.

(p) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. 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.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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. The consolidated financial statements have been accounted for as reverse acquisition of companies under common control and the consolidated financial statements have been prepared using the reverse acquisition accounting method. Refer to 'Reverse acquisition in Basic of preparation section in Note 1'.

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

(q) Property, plant and equipment

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. 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

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(q) Property, plant and equipment (cont'd)

the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

• Leasehold improvements	Over terms of lease from 5 – 10 years
• Plant and equipment	5 – 10 years
• Furniture, fittings and office equipment	3 – 5 years
• Motor vehicles	5 – 10 years

(r) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, 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 recovery will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the consolidated entity's liability.

(s) Revenue recognition

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. Other sales are recognised by reference to the stages of completion of software contracts upon the full implementation and acceptance of the software at the customers premises.

Rendering of services

Revenue of services are commission income recognised upon completion of services rendered to fabric suppliers and garments manufacturers.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(s) Revenue recognition (cont'd)

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(t) Share based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 30 June 2006, are measured at fair value at the date of grant. Fair value has been measured as the difference between the share price at grant date and the strike price of zero. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

The Australian Accounting Standards Board ('AASB') released AASB 2005-9 'Amendments to Australian Accounting Standards' in September 2005. AASB 2005-9 amends AASB 139 'Financial Instruments: Recognition and Measurement' to require certain financial guarantee contracts to be recognised in accordance with AASB 139 at fair value, and to be subsequently measured at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies.

The changes introduced by AASB 2005-9 apply to reporting periods beginning on or after 1 January 2006. These changes will first be applied by GLG Corp Ltd for the half year ending 31 December 2006. GLG Corp Ltd and the Consolidated entity is party to a number of financial guarantee contracts. The application of these amendments will result in such financial guarantee contracts being recognised at fair value and subsequently being measured at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies.

The impact of this change in accounting policy is not able to be reliably quantified at this time.

Notes to the financial statements for the financial period ended 30 June 2006

2. PROFIT FROM OPERATIONS

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
(a) Revenue				
Revenue from continuing operations consisted of the following items:				
Revenue from the sale of goods	197,776	196,114	–	–
Revenue from the rendering of services	1,641	1,114	–	–
Total revenue	199,417	197,228	–	–
Other income				
Interest revenue:				
Bank deposits	62	–	31	–
Other	327	–	–	–
	389	–	31	–
Dividends:				
Subsidiary	–	–	5,000	–
Other	271	397	–	–
	660	397	5,031	–
	200,077	197,625	5,031	–

Notes to the financial statements for the financial period ended 30 June 2006

2. PROFIT FROM OPERATIONS (cont'd)

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
(b) Profit before income tax				
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:				
Gain/(loss) on disposal of property, plant and equipment	(2)	–	–	–
	(2)	–	–	–
Net foreign exchange gains/(losses)	(314)	(47)	–	–
	(316)	(47)	–	–
Profit before income tax has been arrived at after charging the following expenses:				
Cost of sales	178,178	177,755	–	–
Inventory:				
Write-down of inventory to net realisable value	29	–	–	–
	178,207	177,755	–	–
Finance costs:				
Interest on loans	175	35	–	–
Other interest expense	640	461	–	–
Total interest expense	815	496	–	–
Line of credit charges	513	343	–	–
	1,328	839	–	–
Depreciation of non-current assets	554	735	–	–
Amortisation of non-current assets	77	–	–	–
	631	735	–	–
Operating lease rental expenses:				
Minimum lease payments	1,062	968	–	–
	1,062	968	–	–
Employee benefit expense:				
Post employment benefits:				
Defined contribution plans	320	359	–	–
Other employee benefit	5,352	4,942	–	–
Total employee benefit expenses	5,672	5,301	–	–
Finance lease expenses	37	87	–	–
Bad debt expenses	–	101	–	–

Notes to the financial statements for the financial period ended 30 June 2006

3. INCOME TAXES

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
(a) Income tax recognised in profit or loss				
Tax expense/(income) comprises:				
Current tax expense/(income)	1,059	1,133	–	–
Adjustments recognised in the current period in relation to the current tax of prior years	(269)	(212)	–	–
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(95)	107	–	–
Total tax expense	695	1,028	–	–
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 continuing operations	9,978	8,689	4,823	–
Profit from operations	9,978	8,689	4,823	–
Income tax expense at 30%	3,017	2,619	1,447	–
Non-accessable income	–	–	(1,500)	–
Non-deductible expenses	21	28	–	–
Effects of tax concessions (i)	(944)	(680)	–	–
Effects of difference tax rate of overseas entities	(1,087)	(836)	–	–
Deferred tax assets not recognised	53	–	53	–
	1,060	1,131	–	–
Other	(96)	109	–	–
	964	1,240	–	–
(Over)/under provision of income tax in previous year	(269)	(212)	–	–
	695	1,028	–	–

3. INCOME TAXES (cont'd)

(i) In 2003, Ghim Li Global Pte Ltd was awarded the Global Trader Program status for a period of 5 years from 1 January 2003. Subject to the terms and conditions prescribed by the Income Tax Act of Singapore and the Global Trader Program, income derived from qualifying trading transactions is taxed at the concessionary rate of 10%.

Group relief

During the financial period, Ghim Li Global Ltd does not have any unutilized tax losses (2005:US$3,602 thousand) and unabsorbed capital allowances (2005:US$707 thousand) under the Singapore group relief scheme. The benefit from the group relief amounted to US$ nil (2005: US$862 thousand).

There has been no change in the corporate tax rate when compared with the previous reporting period.

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
(b) Current tax assets and liabilities				
Current tax payables:				
Income tax payable attributable to Entities in the Group	832	648	–	–
	832	648	–	–
(c) Deferred tax balances				
Deferred tax liabilities comprise:				
Temporary differences	87	182	–	–
	87	182	–	–

Notes to the financial statements for the financial period ended 30 June 2006

3. INCOME TAXES (cont'd)

Taxable and deductible temporary differences arise from the following:

	Consolidated						
2006	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
Gross deferred tax liabilities:							
Capital expenditure	182	(95)	–	–	–	–	87
	182	(95)	–	–	–	–	87
Gross deferred tax assets:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	182	(95)	–	–	–	–	87

	Consolidated						
2005	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
Gross deferred tax liabilities:							
Capital expenditure	75	107	–	–	–	–	182
	75	107	–	–	–	–	182
Gross deferred tax assets:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	75	107	–	–	–	–	182

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Tax losses – revenue	53	–	53	–
Temporary differences	405	–	405	–
	458	–	458	–

4. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key management personnel compensation policy

In relation to senior management the Nomination and Remuneration committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval. In relation to the Executive Chairman, Chief Executive Officer and the Chief Financial Officer, the Nomination and Remuneration committee determines and makes recommendations to the Board on remuneration packages and other terms of employment having regard to the need to attract, retain and develop appropriately skilled people. Remuneration of the senior management team 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. Each executive director of the company has entered into a service agreement with Ghim Li Global Pte Ltd. They are not remunerated separately for being a director or executive of the company or other operating entities. Each executive director receives a salary per annum. They may also be entitled to an annual bonus determined by the Nomination and Remuneration committee, in its absolute discretion. Each key manager also receives a salary per annum and may also be entitled to an annual bonus determined by the Chief Executive Officer or the Chairman, reviewed by the Nomination and Remuneration Committee, and approved by the Board at the Board's absolute discretion.

Key Management Personnel details

The directors of GLG Corp Ltd during the period were:

- Estina Ang Suan Hong (Executive Chairman and Chief Executive Officer)
- Samual Scott Weiss (Non-execuitve Deputy Chairman and Independent Director)
- Soh Guan Kiat (Director and Chief Executive Officer) (Retired June 2006)
- Eu Mun Leong (Director and Chief Financial Officer)
- Christopher Chong Meng Tak (Independent Director)
- Ernest Seow Teng Peng (Independent Director)
- Yong Yin Min (Director) (Appointed June 2006)

The group executives of GLG Corp Ltd during the period were:

- Agnes Ng Moi Ngw (Chief Operating Officer Textiles)
- Peter Tay Teck Keng (Chief Operating and Business Development Officer)
- Surina Gan Meng Hui (Chief Marketing Officer)
- Lee Kim Ho (Sales and Marketing Manager)
- Fok Chor Lim Ricky (Regional Head – Hong Kong)

The details of key management personnel remuneration have been transferred to the remuneration report section of the directors' report.

Notes to the financial statements for the financial period ended 30 June 2006

4. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

(b) Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Short-term employee benefits	1,102	805	71	–
Post-employment benefits	44	29	–	–
Share based payments	70	–	70	–
	1,216	834	141	–

5. SHARE OPTION PLAN

In respect of each independent director, upon listing of the company, Ghim Li Group Pte Ltd (ultimate parent entity of GLG Corp Ltd) agreed to assign 300,000 shares to an escrow agent on or before 11 October 2006. Each Independent Director is entitled to receive up to 100,000 of these shares for nil consideration, receivable as follows:

Upon the first anniversary of their appointment	33,333 shares for 1 year's continuous service as a Director
Upon the second anniversary of their appointment	33,333 shares for 2 year's continuous service as a Director
Upon the third anniversary of their appointment	33,333 shares for 3 year's continuous service as a Director

The purpose of the share options are to:

- provide long term incentive to each independent director to remain with the group
- improve the long term performance of the company

The following reconciles the outstanding share options granted under the share option plan at the beginning and end of the financial year:

	2006		2005	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of financial year	–	–	–	–
Granted during the financial year	300,000	–	–	–
Forfeited during the financial year	–	–	–	–
Exercised during the financial year	–	–	–	–
Balance at end of the financial year	300,000	–	–	–
Exercisable at end of the financial year (i)	–	–	–	–

(i) There are no options exercisable at the end of the financial year.

Notes to the financial statements for the financial period ended 30 June 2006

6. REMUNERATION OF AUDITORS

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Auditor of the parent entity				
Audit or review of the financial report	49,517	–	49,517	–
Other non-audit services - IPO	263,475	–	263,475	–
	312,992	–	312,992	–
Other auditors				
Auditing the financial report	83,001	67,988	–	–
Review of the financial report	57,717	–	–	–
Taxation services	8,941	2,967	–	–
Other non-audit services	–	3,540	–	–
Other non-audit services - IPO	36,316	–	–	–
	185,975	74,495	–	–

The auditor of GLG Corp Ltd is Deloitte Touche Tohmatsu. Other auditors are Deloitte Touche Singapore, Deloitte Touche Guatermala, Deloitte Touche Hong Kong, Rachel Liang - Tan, CPA, Inc.

7. CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Trade receivables				
Third parties (i)	21,361	17,671	–	–
Other Party-GLIT group (ii)	15,262	11,610	–	–
Related Parties (iii)	8,066	3,664	5,000	–
Allowance for doubtful debts	–	–	–	–
	44,689	32,945	5,000	–
Less:				
Payable to Other Party-GLIT group (ii)	(592)	(2,096)	–	–
Payable to Related Parties	–	(596)	–	–
Bills Payable (i)	(6,575)	(6,974)	–	–
Trust Receipts related to Other Party-GLIT group (ii)	(14,670)	(9,551)	–	–
Trust Receipts related to Related Parties(ii)	(6,023)	(3,030)	–	–
	16,829	10,698	5,000	–

7. CURRENT TRADE AND OTHER RECEIVABLES (cont'd)

(i) Third parties offset: When GLG receives an order from a customer, it either receives a letter of credit or an open account for the customer. Upon completion of the order, GLG converts this letter of credit or open account into a bill payable with a bank. GLG will then use the cash to pay its creditors. When the letter of credit matures or the customer pays off the open account, the bank will offset funds from the third party trade receivable against bills payable.

(ii) Other Party-GLIT and Related Parties offsets: Presently and reflected in the Balance Sheet at 30 June 2006 when Other Party-GLIT buys fabric from textile mills GLG issues a letter of credit on their behalf. In order to maximize the discounts available, GLG converts for Other Party-GLIT the letter of credit it has issued into a Trust Receipt.

The bank will immediately pay the textile mill. After completion of the apparel order, Other Party-GLIT invoices GLG and a trade payable is recorded. GLG immediately has a legally enforceable right to offset the amount owed by Other Party-GLIT and settle the balance, if any, with Other Party-GLIT on a net basis.

The offset takes place between 90 days to 120 days depending on the date of maturity of the Trust Receipt. A similar offset arrangement has been made with Related Parties transactions.

(iii) Related Parties: The ownership of two manufacturing subsidiaries of Ghim Li Group Pte Ltd, namely PT Best Apparel Bintan and Polly Apparel Pte Ltd previously classified as Related Parties have been transferred to Other Party-GLIT during the period.

8. CURRENT INVENTORIES

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Raw materials:				
At cost	–	292	–	–
Work in progress:				
At cost	–	842	–	–
Finished goods:				
At cost	–	346	–	–
	–	1,480	–	–

Notes to the financial statements for the financial period ended 30 June 2006

9. OTHER CURRENT ASSETS

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Prepayments	693	1,038	99	–
	693	1,038	99	–

10. NON-CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Trade receivables – Other Party GLIT group (i)	6,804	6,804	–	–
	6,804	6,804	–	–

(i) The long term receivable is an amount owed by Other Party-GLIT to GLG arising from the sale of Other Party GLIT during the restructure of Ghim Li Group Pte Ltd. The amount is repayable within 3 years starting 1 July 2009. Other Party-GLIT is charged commercial rates of interest on the amount owed, based on a margin above Singapore Inter-Bank Offer Rate (SIBOR). Other Party-GLIT may repay the monies early without penalty. Ghim Li Group Pte Ltd has guaranteed the repayment in the event of a default by Other Party-GLIT.

Notes to the financial statements for the financial period ended 30 June 2006

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Leasehold improvements at cost US$'000	Plant and Machinery at cost US$'000	Furniture Fittings and Office Equipment at cost US$'000	Motor Vehicles at cost US$'000	Total US$'000
Gross carrying amount					
Balance at 1 July 2004	266	70	2,504	729	3,569
Additions	–	22	75	–	97
Disposals	–	(4)	(116)	(226)	(346)
Acquisitions through business combinations	–	–	16	220	236
Balance at 1 July 2005	266	88	2,479	723	3,556
Additions	42	13	417	9	481
Disposals	–	(5)	(34)	(337)	(376)
Balance at 30 June 2006	308	96	2,862	395	3,661
Accumulated depreciation/ amortisation and impairment					
Balance at 1 July 2004	148	22	90	669	1,145
Disposals	–	(1)	(76)	(94)	(171)
Depreciation expense	14	10	542	169	735
Balance at 1 July 2005	162	31	1,372	144	1,709
Disposals	–	(3)	(26)	(160)	(189)
Depreciation expense	12	10	397	135	554
Balance at 30 June 2006	174	38	1,743	119	2,074
Net book value					
As at 30 June 2005	104	57	1,107	579	1,847
As at 30 June 2006	134	58	1,119	276	1,587

Aggregate depreciation allocated during the period is recognised as an expense and disclosed in Note 2 to the financial statements.

The parent entity has no property, plant and equipment.

Notes to the financial statements for the financial period ended 30 June 2006

12. OTHER INTANGIBLE ASSETS

	Consolidated			
	Capitalised Development US$'000	Other Cost US$'000	Intellectual Property US$'000	Total US$'000
Gross carrying amount				
Balance at 1 July 2004	–	–	–	–
Additions	–	1	533	534
Balance at 1 July 2005	–	1	533	534
Additions	133	4	92	229
Balance at 30 June 2006	133	5	625	763
Accumulated amortisation and impairment				
Balance at 1 July 2004	–	–	–	–
Amortisation expense	–	–	–	–
Balance at 1 July 2005	–	–	–	–
Amortisation expense (i)	(13)	(1)	(63)	(77)
Balance at 30 June 2006	(13)	(1)	(63)	(77)
Net book value				
As at 30 June 2005	–	1	533	534
As at 30 June 2006	120	4	562	686

(i) Amortisation expense is included in the line item Administration expenses in the income statement.

Capitalised development consists of salaries and overhead expenses relating to development and further upgrades of the hardware and software of a shop floor inventory and payroll system.

Intellectual property consists of costs incurred in the acquisition of computer source codes, licenses and a shop floor inventory and payroll system.

Notes to the financial statements for the financial period ended 30 June 2006

13. CURRENT TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Trade payables (i)	2,509	2,668	14	–
Other payables	–	–	655	–
Accruals	880	622	60	–
	3,389	3,290	729	–

(i) The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

14. CURRENT BORROWINGS

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Secured				
At amortised cost:				
Bank overdrafts (i)	–	1,395	–	–
Bank loans (ii), (iii)	567	308	–	–
Trust receipts (i), (iv)	4,681	15,060	–	–
Bills payable (v)	–	–	–	–
Finance lease liabilities (iii)	71	397	–	–
	5,319	17,160	–	–

(i) Secured by corporate guarantee from Ghim Li Group Pte Ltd and Ghim Li Holdings Co. Pte Ltd; Joint and several personal guarantees by Estina Ang (Director) and Surina Gan (Director).

(ii) The bank loan is repayable by a reducing balanced method of 60 monthly average installments of US$59,335 (30 June 2005: US$36,553). The average effective interest rate charge is 7.9172% per annum.

(iii) Secured by corporate guarantee from Ghim Li Group Pte Ltd and Ghim Li Holding Co. Pte Ltd and personal guarantee by Estina Ang (Director).

(iv) Trust Receipts not offsettable US$4,681 thousand (30 June 2005: US$15,060 thousand); Trust Receipts offsettable US$20,693 thousand (30 June 2005: US$12,581 thousand). See note 7.

(v) Bills payable not offsettable US$nil (30 June 2005: US$nil); Bills payable offsettable US$6,575 thousand (30 June 2005: US$6,974 thousand. See note 7.

14. CURRENT BORROWINGS (cont'd)

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

	2006	2005
Bank overdrafts	US prime rate	US prime rate + 1%
Bank loans	7.92%p.a.	7.92% p.a.
Trust receipts	1- 5mths US SIBOR + (1% -1.75%)	1mth US SIBOR + (1% -1.75%)
Financial Lease liabilities	4.60% p.a.	7.2% p.a.
Bills Payable	5.64%	4.28%

15. OTHER FINANCIAL LIABILITIES

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
At fair value:				
Foreign Exchange Hedging (i)	–	335	–	–
	–	335	–	–

(i) Refer to note 21 (c)

16. NON-CURRENT BORROWINGS

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Secured				
At amortised cost:				
Bank loans (i)	1,937	1,363	–	–
Finance lease liabilities (ii)	271	1,408	–	–
	2,208	2,771	–	–

(i) Refer to note 14(ii), 14(iii)

(ii) Refer to note 14(iii)

Notes to the financial statements for the financial period ended 30 June 2006

17. ISSUED CAPITAL

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
74,100,000 (2005: nil) fully paid ordinary shares	10,193	–	53,483	–

	Consolidated		Consolidated	
	No. '000	2006 US$'000	No. '000	2005 US$'000
Fully paid ordinary shares				
Balance at beginning of financial period	–	–	–	–
Issue of shares under reverse acquisition & IPO	74,100	11,544	–	–
IPO expenses	–	(1,351)	–	–
Balance at end of financial period	74,100	10,193	–	–

	Consolidated		Consolidated	
	No. '000	2006 US$'000	No. '000	2005 US$'000
Fully paid ordinary shares				
Balance at beginning of financial period	–	–	–	–
Issue of shares under reverse acquisition & IPO	74,100	54,834	–	–
IPO expenses	–	(1,351)	–	–
Balance at end of financial period	74,100	53,483	–	–

During the reporting period, GLG issued 58,500,000 ordinary shares for US$43,290 thousand (A$58,500 thousand) pursuant to a sale and purchase agreement dated 9 November 2005 for the acquisition of the Ghim Li Global group of subsidiaries which has been treated as a reverse acquisition for the purposes of these financial statements (Refer to 'Reverse aquisition in Basic of preparation section in note 1'). Another 15,600,000 ordinary shares were issued for cash of US$11,544 thousand (A$15,600 thousand) pursuant to an initial public offer which was completed on 14 December 2005. The share capital after deducting issue expenses was US$10,193 thousand (A$13,860 thousand).

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Notes to the financial statements for the financial period ended 30 June 2006

18. RESERVES

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Hedging	–	(335)	–	–
Hedging reserve				
Balance at beginning of financial period	(335)	–	–	–
Transferred to initial carrying amount of hedged item:				
Forward exchange contracts (i)	335	(335)	–	–
Balance at end of financial period	–	(335)	–	–

(i) Refer to note 21 (c)

19. RETAINED EARNINGS

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Balance at beginning of financial period	365	–	–	–
Net profit attributable to members of the parent entity	9,283	365	4,823	–
Balance at end of financial period	9,648	365	4,823	–

20. EARNINGS PER SHARE

	Consolidated 2006 Cents per share	Consolidated 2005 Cents per share
Basic earnings per share:		
Total basic earnings per share	13.85	13.10
Diluted earnings per share:		
Total diluted earnings per share	13.85	13.10

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:

	2006 US$'000	2005 US$'000
Earnings (a)	9,283	7,661
Earnings from continuing operations (a)	9,283	7,661

	2006 No.'000	2005 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share (b)	67,005	58,500

(a) Earnings used in the calculation of total basic earnings per share and basic earnings per share from continuing operations reconciles to net profit in the income statement as follows:

	Consolidated 2006 US$'000	Consolidated 2005 US$'000
Net profit	9,283	7,661
Earnings used in the calculation of basic EPS	9,283	7,661
Earnings used in the calculation of basic EPS from continuing operations	9,283	7,661

20. EARNINGS PER SHARE (cont'd)

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	2006 US$'000	2005 US$'000
Earnings (a)	9,283	7,661
Earnings from continuing operations (a)	9,283	7,661

	2006 No.'000	2005 No.'000
Weighted average number of ordinary shares for the purposes of diluted earnings per share (b)	67,005	58,500

(a) Earnings used in the calculation of total diluted earnings per share and diluted earnings per share from continuing operations reconciles to net profit in the income statement as follows:

	2006 US$'000	2005 US$'000
Net profit	9,283	7,661
Earnings used in the calculation of diluted EPS	9,283	7,661
Earnings used in the calculation of diluted EPS from continuing operations	9,283	7,661

(b) The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated	
	2006 No.'000	2005 No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS	67,005	58,500
Weighted average number of ordinary shares used in the calculation of diluted EPS	67,005	58,500

21. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(b) Financial risk management objectives

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

The consolidated entity 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. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The consolidated entity minimizes 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.

(c) Foreign currency risk management

The consolidated entity minimizes its financial risk of changes in foreign currency exchange rate through the natural hedge of matching of its significant portion revenues and purchases in US dollars and matching of a significant portion of its assets and liabilities in US dollars. 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.

Forward foreign exchange contracts

It is the policy of the consolidated entity to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within 80% to 100 % of the exposure generated. The consolidated entity also enters into forward foreign exchange contracts to manage the risk associated with anticipated purchase transactions and expenses out to 6 months within 30 % to 50 % of the exposure generated. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

Notes to the financial statements for the financial period ended 30 June 2006

21. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign currency risk management (cont'd)

The following table details the forward foreign currency contracts outstanding as at reporting date:

Outstanding contracts	Average exchange rate 2006	Average exchange rate 2005	Foreign currency 2006 FC'000	Foreign currency 2005 FC'000	Contract value 2006 US$'000	Contract value 2005 US$'000	Fair value 2006 US$'000	Fair value 2005 US$'000
Floating Strike Forward	–	1.644	–	–	–	12,500	–	(287)
Window Knock Out Forward	–	1.645	–	–	–	2,500	–	(48)
							–	(335)

The consolidated entity does not have any outstanding forward foreign exchange contracts as at the financial period ended 30 June 2006. For financial period ending 30 June 2005 there were 3 contracts totaling US$15,000 thousand (see above) undertaken for cash flow hedging purposes.

Maturity profile of financial instruments

The consolidated entity is exposed to interest rate risk as it borrows funds at both fixed and floating rates. The risk is managed by maintaing an appropriate mix between fixed and floating rate borrowings.

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2006:

	Fixed maturity dates							
2006	Less than 1 year US$'000	1 – 2 years US$'000	2 – 3 years US$'000	3 years US$'000	4 – 5 years US$'000	5+ years US$'000	Non interest bearing US$'000	Total US$'000
Financial assets:								
Cash and cash equivalents	–	–	–	–	–	–	5,077	5,077
Trade receivables	–	–	–	–	–	–	16,829	16,829
Other receivables (i)	–	–	6,804	–	–	–	–	6,804
	–	–	6,804	–	–	–	21,906	28,710
Financial liabilities:								
Trade payables	–	–	–	–	–	–	2,509	2,509
Bank loans (ii)	567	613	664	565	95	–	–	2,504
Finance lease (iii)	71	74	72	74	51	–	–	342
Trust receipts (iv)	4,681	–	–	–	–	–	–	4,681
	5,319	687	736	639	146	–	2,509	10,036

21. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign currency risk management (cont'd)

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2005:

	Fixed maturity dates						Non interest bearing	Total
2005	Less than 1 year US$'000	1 – 2 years US$'000	2 – 3 years US$'000	3 years US$'000	4 – 5 years US$'000	5+ years US$'000	US$'000	US$'000
Financial assets:								
Cash and cash equivalents	–	–	–	–	–	–	2,015	2,015
Trade receivables	–	–	–	–	–	–	10,698	10,698
Other receivables (i)	–	–	6,804	–	–	–	–	6,804
	–	–	6,804	–	–	–	12,713	19,517
Financial liabilities:								
Trade payables	–	–	–	–	–	–	2,668	2,668
Bank loans (ii)	1,703	334	361	390	278	–	–	3,066
Finance lease (iii)	397	402	418	419	106	63	–	1,805
Trust receipts (iv)	15,060	–	–	–	–	–	–	15,060
	17,160	736	779	809	384	63	2,668	22,599

The variable interest rates were as follows:

	2006	2005
(i) Other receivables	SIBOR + 1%	3-mths US SIBOR + 1%
(ii) Bank loans	7.92%p.a.	7.92%p.a.
(iii) Finance lease liabilities	4.60%p.a.	7.2%p.a.
(iv) Trust receipts	1- 5mths US SIBOR + (1% -1.75%)	1mth US SIBOR + (1% -1.75%)

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity 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 consolidated entity exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the audit committee annually. The consolidated entity measures credit risk on a fair value basis.

Trade accounts receivable consist of a number of retail customers located in United States of America. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

21. FINANCIAL INSTRUMENTS (cont'd)

(d) Credit risk management (cont'd)

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. 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.

(e) 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 and 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; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

(f) 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.

Notes to the financial statements for the financial period ended 30 June 2006

22. DIVIDENDS

	2006		2005	
	Cents per share	Total US$'000	Cents per share	Total US$'000
Subsequent Events				
Unrecognised amounts				
Fully paid ordinary shares				
Proposed final fully unfranked ordinary dividend	6.20	4,594	–	–

The financial effect of the final dividend for June 2006 has not been brought to account in the financial statements for the period ended 30 June 2006 as the dividend was not declared on or before 30 June 2006 but will be recognised in subsequent financial reports.

	Company	
	2006 US$'000	2005 US$'000
Adjusted franking account balance	–	–

23. COMMITMENTS FOR EXPENDITURE

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements were as follows:				
Capital expenditure commitments				
Plant and equipment				
Not longer than 1 year	66	–	–	–
Longer than 1 year and not longer than 5 years	–	–	–	–
Longer than 5 years	–	–	–	–
	66	–	–	–

Notes to the financial statements for the financial period ended 30 June 2006

24. CONTINGENT LIABILITIES

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Contingent liabilities				
Guarantees in lieu of commercial and statutory cash deposits	611	451	–	–
Guarantees arising from Letters of credit in force	14,508	12,848	–	–
Total	15,119	13,299	–	–

25. LEASES

Disclosures for lessees

Finance lease payables

	Minimum future lease payables				Present value of minimum future lease payables			
	Consolidated		Company		Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
No later than 1 year	84	500	–	–	71	397	–	–
Later than 1 year and not later than 5 years	293	1,500	–	–	271	1,345	–	–
Later than five years	-	64	–	–	–	63	–	–
	377	2,064	–	–	342	1,805	–	–
Minimum future lease charges	(35)	(259)	–	–	–	–	–	–
Gross finance lease payables	342	1,805	–	–	342	1,805	–	–
Included in the financial statements as:								
Current borrowings (note 14)					71	397	–	–
Non-current borrowings (note 16)					271	1,408	–	–
					342	1,805	–	–

Notes to the financial statements for the financial period ended 30 June 2006

25. LEASES (cont'd)

Operating leases

Leasing arrangements

At the balance date, commitments in respect of non-cancellable operating leases for rental of office premises, warehouse and staff hostels were as follows:

	Consolidated	
	2006 US$'000	2005 US$'000
Non-cancellable operating lease payments		
Not longer than 1 year	1,025	950
Longer than 1 year and not longer than 5 years	4,320	4,170
Longer than 5 years	2,650	3,900
	7,995	9,020

The operating leases for rental of office and warehouse will increase every 3 years at the rate of 9%.

26. ECONOMIC DEPENDENCY

The consolidated entity is sourcing its apparel manufacturing requirements mainly from the GLIT entities. The economic dependency of this arrangement is protected by the long term contracts between the GLIT entities and the consolidated entity which has first right of refusal for the production capacity of the GLIT entities.

Notes to the financial statements for the financial period ended 30 June 2006

27. SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest 2006 %	Ownership interest 2005 %
Parent entity			
GLG Corp Ltd	Australia		
Subsidiaries			
Best Apparel Sourcing Corp Federal ID No. 200540131 California Secretary of State Incorp. No. 2621108	United States of America	100	100
Escala Guatemala S.A. Reg No. 306151	Republic of Guatemala	100	100
Ghim Li Global Pte Ltd Reg No. 199904299D	Singapore	100	100
Ghim Li Global International Ltd Reg No. 746243	Hong Kong	100	100
Ghim Li Delaware Corporation Inc. Reg No. 0503596253964487	United States of America	100	100
Ghim Li Enterprise (USA) Inc. Federal ID No.954861415 California Secretary of State Incorp No.2310719	United States of America	100	100
GG Textiles Co. Pte Ltd Reg No. 200003876W	Singapore	100	100
GHZ Technologies Holding Pte Ltd Reg No. 200504857W	Singapore	100	100
GHZ Technologies Pte Ltd Reg No. 200308521H	Singapore	100	100
Ghim Li International (S) Pte Ltd Reg No. 200502200W	Singapore	100	100

28. ACQUISITION OF BUSINESSES

The subsidiaries below acquired pursuant to a sale and purchase agreement dated 9 November 2005 have been accounted for as a reverse acquisition of companies under common control and as referred to in note 1 (c) the consolidated financial statements have been prepared using the reverse acquisition accounting method. The acquisition consideration was US$62,249 thousand and was satisfied by way of issuing new shares in GLG for a consideration of US$43,290 thousand and assumption of a debt receivable of US$18,959 thousand. On 1 January 2006, the company subscribed another US$10,120 thousand in connection with rights issue in Ghim Li International (S) Pte Ltd.

Subsidiary	Cost of investment US$'000	Effective equity interest held by the Group %	Place of incorporation/ business	Principal activities
Best Apparel Sourcing Corp Federal ID No. 20-0540131 California Secretary of State Incorp. No. 2621108	664	100	United States of America	Managing the USA customs and logistics.
Escala Guatemala S.A. Reg No. 306151	-#	100	Republic of Guatemala	Conducts sales and marketing and outsourcing for the USA markets.
Ghim Li Global Pte Ltd Reg No. 199904299D	59,550	100	Singapore	Primary operating company, conducting marketing and administration in Singapore for sales to USA
Ghim Li Global International Ltd Reg No. 746243	2,035	100	Hong Kong	Conducting marketing and administration in Hong Kong and China for sales to USA
Ghim Li Delaware Corporation Inc. Reg No. 050359625-3964487	-	100	United States of America	Sales and marketing offices for sales to USA
Ghim Li Enterprise (USA) Inc. Federal ID No. 95-4861415 California Secretary of State Incorp. No. 2310719	-*	100	United States of America	Representative office in New York for sales to USA
GG Textiles Co. Pte Ltd Reg No. 200003876W	-*	100	Singapore	Conducts other outsourcing operations for sales to USA.
GHZ Technologies Holding Pte Ltd Reg No. 200504857W	-+	100	Singapore	Holding company for a majority owned subsidiary with intellectual property rights in information technologies
GHZ Technologies Pte Ltd Reg No. 200502200W	-+	100	Singapore	Markets information technologies.
Ghim Li International (S) Pte Ltd Reg No. 200308521H	-+	100	Singapore	Holding company
Initial Cost of Investment	62,249			

equivalent of US$661

* 1 issued share of US$1

+ 2 issued shares of US$2

28. ACQUISITION OF BUSINESSES (cont'd)

GLG has obtained wavier for the deferred consideration and is no longer required to issue an additional 6.5 shares for each AUD dollar profit after tax exceeding A$11,500 thousand for the financial period ended 30 June 2006 subject to a maximum issue of 6,500 thousand shares.

For purposes of the reverse acquisition, Ghim Li Global Pte Ltd is deemed to be the acquirer and GLG is deemed to be the acquiree.

Balance sheet of acquiree (GLG which was incorporated on 12 October 2005) is shown below:

	US$'000
Current Assets	45
Non-current Assets	–
Total Assets	45
Current Liabilities	45
Non-current Liabilities	–
Total Liabilities	45
Total Shareholder's funds	–
Total Equity and liabilities	45

The book value and the fair value of the companies assets and liabilities are the same as at 12 October 2005.

29. SEGMENT INFORMATION

GLG operates predominantly in one industry and geographical segment which is the sale of knitwear apparel to the United States market.

Notes to the financial statements for the financial period ended 30 June 2006

30. RELATED PARTY DISCLOSURES

(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) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in the "remuneration report" on pages 38 to 42 of the directors report and in note 4 and 5.

(c) Transactions with other related parties

Other related parties include:

- the parent entity;
- entities with joint control or significant influence over the consolidated entity;
- associates;
- joint ventures in which the entity is a venturer;
- subsidiaries;
- former key management personnel; and
- other related parties.

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 7 to the financial statements.

Transactions involving other related parties

During the financial period, commission revenue on normal commercial terms and conditions of US$172 thousand was received from Maxim Textiles Technology Pte Ltd (2005:US$ nil) subsidiary of parent entity Ghim Li Group Pte Ltd.

(d) Parent entities

The Australia parent entity in the consolidated entity is GLG Corp Ltd.

31. SUBSEQUENT EVENTS

There have been no material events subsequent to the period ended 30 June 2006.

Notes to the financial statements for the financial period ended 30 June 2006

32. NOTES TO CASH FLOW STATEMENT

(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 period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Cash and cash equivalents	5,077	2,015	526	–
Bank overdraft	–	(1,395)	–	–
	5,077	620	526	–

(b) Financing facilities

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Unsecured bank overdraft facility, reviewed annually and payable at call:				
Amount used	–	982	–	–
Amount unused	2,026	537	–	–
	2,026	1,519	–	–
Secured bank loan facilities with various maturity dates and which may be extended by mutual agreement:				
Amount used	47,054	47,458	–	–
Amount unused	33,853	26,480	–	–
	80,907	73,938	–	–

Notes to the financial statements for the financial period ended 30 June 2006

32. NOTES TO CASH FLOW STATEMENT (cont'd)

	Consolidated		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
(c) Reconciliation of profit for the period to net cash flows from operating activities				
Profit for the period	9,283	7,661	4,823	–
(Gain)/loss on sale or disposal of non-current assets	2	–	–	–
Depreciation and amortisation of non-current assets	631	735	–	–
Increase/(decrease) in current tax liability	184	293	–	–
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Current receivables	(3,690)	(5,507)	(5,000)	–
Current inventories	1,480	(1,480)	–	–
Other current assets	345	(845)	(99)	–
Increase/(decrease) in liabilities:				
Current payables	101	(485)	74	–
Current provisions	(95)	106	–	–
Net cash from operating activities	8,241	478	(202)	–

33. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

A reconciliation of the effect of A-IFRS on the balance sheet, profit and loss and cash flows is not required due to the fact that GLG Corp Consolidated entity has always prepared its financial report consistent with the requirements contained in A-IFRS including 'AASB 132 Financial Instruments: Presentation and Disclosure and AASB 139 Financial Instruments: Recognition and measurement'. Accordingly, there is no adjustment arising from the adoption of A-IFRS.

34. ADDITIONAL COMPANY INFORMATION

GLG Corp Ltd is a listed public company, incorporated in Australia. Its operations are located in Asia, Central America and North America.

Registered office
Level 5, 33 York Street
Sydney NSW 2000
Australia

Principal place of business
41, Changi South Ave 2
Singapore 486153

Additional stock exchange information as at 31 July 2006

Number of holders of equity securities

Ordinary share capital

74,100,000 fully paid ordinary shares are held by 521 individual shareholders.

All issued ordinary shares carry one vote per share

Distribution of holders of equity securities

Category (size of Holdings)	Ordinary shareholders	Option shareholders
1-1,000	5	–
1,001-5,000	470	–
5,001-10,000	14	–
10,001-100,000	17	–
100,001 and over	11	–
	517	–
Holding less than a marketable parcel	4	–

Substantial shareholders

The names of the substantial shareholders listed in the GLG Corp Ltd register as at 31 July 2006 were:

	Fully paid		Partly paid	
Ordinary shareholders	Number	Percentage	Number	Percentage
Estina Suan Hong Ang	54,860,000	74.03%	–	–
National Nominees Limited	6,566,456	8.86%	–	–
	61,426,456	82.89%	–	–

Additional stock exchange information as at 31 July 2006 (cont'd)

Twenty largest holders of quoted equity securities

	Fully paid		Partly paid	
	Number	Percentage	Number	Percentage
National Nominees Limited	6,566,465	42.09%	–	–
ANZ Nominees Limited	3,032,500	19.44%	–	–
Mr Yoke Min Pang	2,000,000	12.82%	–	–
J P Morgan Nominees Australia	1,161,212	7.44%	–	–
Gwynvill Trading Pty Limited	500,000	3.21%	–	–
ANZ Nominees Limited	396,260	2.54%	–	–
Citicorp Nominees Pty Limited	364,734	2.34%	–	–
RBC Dexia Investor Services	236,916	1.52%	–	–
Kam Hing Piece Works Ltd	193,010	1.24%	–	–
Dixson Trust Pty Limited	180,000	1.15%	–	–
Cogent Nominees Pty Limited	173,377	1.11%	–	–
Droga Capital Pty Ltd	60,000	0.38%	–	–
Honest Trading Co (Pte) Ltd	34,000	0.22%	–	–
Matapa Holdings Pty Ltd	31,900	0.20%	–	–
Race Capital Pty Limited	30,000	0.19%	–	–
Mrs Janet Winifred Barlow	25,000	0.16%	–	–
Cable Nominees Pty Ltd	23,000	0.15%	–	–
Mr Peter Barford & Mrs Susan Astrid Barford	20,000	0.13%	–	–
Mrs Margaret Louise Caldwell	20,000	0.13%	–	–
Mr Paul Do	20,000	0.13%	–	–

Company secretary

Mr Shane Hartwig

Registered office

Level 5, 33 York Street
Sydney NSW 2000
Australia

Principal adminstration office

41, Changi South Ave 2
Singapore 486153

Share registry

Link Market Services Limited
Level 4, 333 Collins Street
Melbourne VIC 3000
Australia

Corporate Directory

Singapore Head Office
Ghim Li Global Pte Ltd
No. 41 Changi South Avenue 2
Singapore 486153

Australia Head Office
GLG Corp Ltd (Registered Office)
Level 5, 33 York Street
Sydney NSW 2000
Australia
Website: http://www.glgcorpltd.com
ASX Stock Code: GLE

Directors
Estina Ang Suan Hong
Samuel Scott Weiss
Eu Mun Leong
Christopher Chong Meng Tak
Ernest Seow Teng Peng
Yong Yin Min

Company Secretary
Mr Shane Hartwig

Share Registry
Link Market Services Limited
Level 4, 333 Collins Street
Melbourne VIC 3000
Australia

Auditor of the Company
Deloitte Touche Tohmatsu
ANZ Centre
Level 9, 22 Elizabeth Street
Hobart TAS 7000
Australia

Cautionary Statement

Some statements contained in this annual report are not of historical facts but are statements of future expectation with respect to financial conditions, results of operations and business, and related plans and objectives. Such forward-looking statements are based on GLG Corp Ltd's current views and assumptions including but not limited to, prevailing economic and market conditions and currently available information. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements. It should be noted that the actual performance or achievements of GLG Corp Ltd may vary significantly from such statements.

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