Our People, Our Assets.

GLG CORP LTD

Annual Report 2008

Our People, Our Assets.

GLG Corp Ltd Annual Report 2008

Contents

It's the driving force behind our growth

At GLG CORP LTD, our employees are our greatest asset. In our 30 years of operations, it is through talent that we create innovative and trendy designs, through sincerity and openness that we attain and keep customers happy, through skilled technical expertise and nimble handiwork that we manufacture top quality products, through dedication and commitment that we deliver our products to customers, making GLG CORP LTD, the perfect textile and apparel supply chain partner of choice!

In today's complex and multi-faceted global environment, it is imperative that our customers choose to deal with reputable companies and more importantly, people they can trust and who deliver on their promise. People, who are highly skilled, competent in their area of expertise, composed and ready to solve new challenges with fresh minds, whilst benchmarking against global quality standards.

GLG CORP LTD is proud to have an acute understanding of our customers' needs and thus setting us apart from our industry competitors and enabling us to provide services that exceed our customers' satisfaction.

Tastefully Designed – Fashionable Apparel

GLG CORP LTD remains consistent in what we believe. Throughout the years we strive tirelessly to create quality products, with new materials using the most innovative treatments and finishes.

Our Production Design and Development team are very passionate about what they do in creating customised apparel for our clients. They regularly visit fashion capitals such as Paris, Milan and New York to study the latest fashion trends and create attractive apparel to fulfill the market's demand.

We offer value added services such as customer profiling and insights about the next season's hottest trends and provide product prototype to meet our customers' stringent requirements.

"... We offer extra value added services that exceed customer's requirements ..."

Delivering Fast Orders to Meet Customers' Demand

GLG CORP LTD prides itself in having an intuitive and resourceful professional sales and marketing team with many years of industry experience. We are able to identify our customers' potential areas of growth and opportunity, and recommend solutions to ensure that orders placed are delivered as required.

As our customers and agents are forced to react to changing buying trends and to reduce inventory, we seamlessly meet our customers' needs by processing time sensitive orders under our special Quick Turn (QT) programme, thereby allowing for shorter lead-time from order confirmation to final delivery.

With our proven track record and experience in handling Quick Turn (QT) orders regularly, our customers' will benefit by:

- Allowing them to react swiftly to fashion trends and colours according to market demand.
- Reducing warehousing cost whilst maintaining product spread and ability of quick replenishment through EDI.
- Better management of retail store inventory.
- Better decisions with more 'hits' than misses, and thereby increasing capacity for re-ordering of popular products and increasing profitability.

"... We are able to intuitively identify customers' potential areas and recommend solutions ... "

Enriching our staff – for work and life

GLG CORP LTD values and prides itself in having a strong and highly skilled workforce. We employ over 200 staff in our main office in Singapore and ensure that only the best fills every position. We assiduously provide our staff with hands-on training, enabling them to handle a wide range of responsibilities efficiently.

Our Corporate Human Resources Department ensures that employees benefit from working with us. We enrich their knowledge through regular in-house training courses, equipping them to better cope with the ever changing market needs and familiarizing them with the very latest in technological breakthroughs.

We offer a diverse variety of topics including soft topics like Communication & Relationship Management, Fundamentals of Management and Trade Presentation & Workshop so that our employees can harness and apply these skills to their work and to enrich their everyday lives.

"... We enrich their knowledge through regular in-house training courses ..."

Social Responsibility–something that we take seriously

At GLG CORP LTD, we value our environment and the place where we operate our business. Our strict compliance management teams ensure that we meet all legal requirements and adhere to local legislature before we partner with a manufacturing facility.

We take our social responsibility seriously. We treat our employees with the utmost respect and ensure their well being and health are looked after, that the environment in which they operate in, is safe from hazards, has adequate sanitation and rest areas, and in most cases, sick bays in which they can rest their ailments away.

GLG CORP LTD does this to ensure that our network of employees can operate effectively and efficiently with total peace of mind. We will gradually implement our manufacturing plants to be fully WRAP Certified (Waste and Resources Action Programme) as we believe in creating a sustainable environment with wastage reduction and control, and even participate in various recycling initiatives to help preserve our precious environment, and to reduce utilization of valuable resources.

"... We ensure that our employees can operate effectively and efficiently with peace of mind ..."

Executive Chairman and Chief Executive Officer's Review

Dear Shareholders,

The retail industry is always a barometer of the general state of the economy. With heightened food and energy prices, eroding home equity and the subprime debacle in Wall Street, the US consumers have been more frugal in their patronage of departmental stores. The departmental stores in turn are keeping less inventory, pushing back deliveries and working towards a shorter lead time when placing orders. Sometimes, the inventory runs so low that departmental stores are prepared to ship garments by air at their expense to restock the depleting items. All these make our business all the more challenging. Our supply chain management has to be efficient and fully functioning to keep on top of the dynamics of supplying to a fastened pace retail trade. We were able to do that because of the positive work attitude of our people. They were able to empathise with the difficult business climate of our US retail customers. Often our people stayed back long after office hours attending to multiple changes in the orders, fabric and production samples and logistics to accommodate our customers' last moment requests. GLG is fortunate to have a core of long serving employees dedicated to our business.

A positive development in the slowdown of the US market is consumers become more discerning on price and value for money. We see a significant shift from consumers buying high end products to more economical products and from departmental stores to mass retailers. GLG is a supplier of economically priced mass appeal garments and our customers have done well relative to their peers in the industry. Nevertheless, there was a fall off in orders. Revenue decreased by 5.2% from USD220.6m in FY2006 to USD209.1m in FY2007 reflecting the frail state of the retail industry in the USA. In spite of tighter controls over major administration expenses, the decrease of commission income from fabric suppliers, the discontinuation of logistic commission revenue from the factories and higher costs for marketing samples caused NPAT to decrease by 22.2% from USD8.1m in FY2006 to a more modest USD6.3m in FY2007.

With the full realization that FY2008 will be an even more difficult year when USA and the rest of the world move into recession, we have chosen a conservative strategy. We will try for marginal growth in revenue from existing customers and suppliers. Priority is placed on revenue collectability and product performance rather than market share. We have also set up a joint venture to commence business as a garment importer in the USA. This will open up a different segment of business to complement our wholesale business in our core market reaching out to same and new customers. We are prepared to sacrifice some margin to insure our receivables against non-collection in such uncertain times. Expenses are being trimmed to improve the bottom line. We will leverage on our people's creativity i.e. our Product Design and Development Department to build a private label range of products for ourselves. We will commence test marketing retailing in 4 Singapore departmental stores.

FY2008 is an unprecedented year. The financial world is in a melt down and is experiencing rapid deleveraging. With such uncertainty, it is only prudent that we build up our cash position and solvency. For that we ask our shareholders to understand our decision to forego paying dividend for FY2008. We intend to use this coming recession to consolidate our competitive position, improve our financial strength and prepare for better times ahead.

In conclusion, I would like to thank our customers for their custom, our employees for their loyalty and dedication, our suppliers for their support and our investors for their faith in us especially over the difficult past year and the years ahead.

Estina Ang Suan Hong
Executive Chairman
And Chief Executive Officer

Financial Highlights

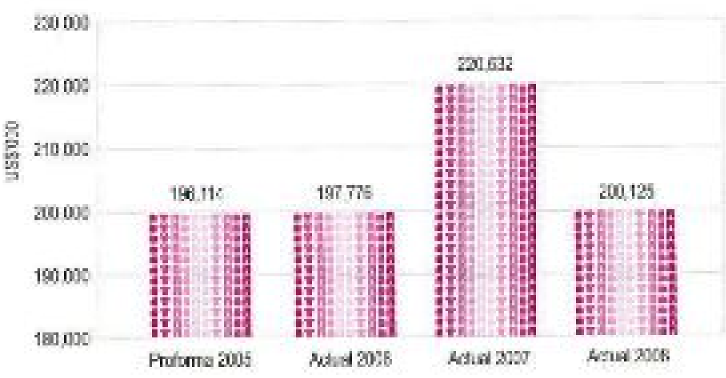
GLG believes it has built for itself a strong financial foundation from which to grow. Improvement in our internal global supply chain management processes and improved cost competitiveness of our supplier network strengthens our ability to compete in the Post Quota Era where retailers rationalise their list of suppliers.

	FY08 US$'000	FY07 US$'000	% Change
Revenue (US$ million)	209.1	220.6	(5.2)
Gross Profit (US$ million)	21.1	21.6	(2.3)
EBITDA (US$ million)	8.6	10.2	(15.7)
NPAT (US$ million)	6.3	8.1	(22.2)
EPS (US cents per share)	8.53	10.89	(21.7)
NTA (US cents per share)	33.94	31.77	6.8
Shareholders' funds (US$ million)	25.1	23.5	6.8
Proposed dividend (US cents per share)	-	6.2	(100.0)

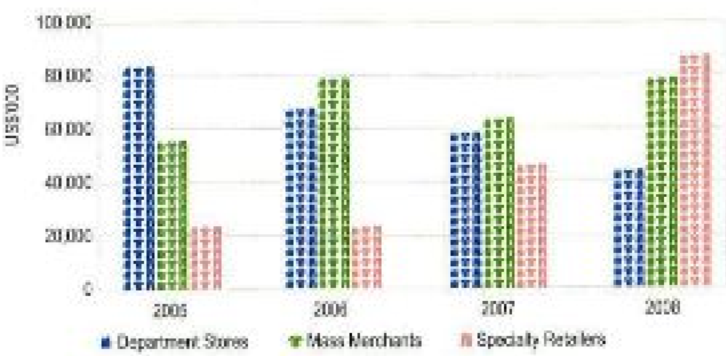
TURNOVER

GLG recorded a decrease in sales of about 5.2% or of some US$209.1 million in FY 2008 compared to sales of US$220.6 million in FY 2007. The decrease in sales was affected mainly by lower orders from clients. GLG has been able to maintain a good spread of customers with Aerospostale, Macy, Mervyns, Hanesbrands, Target, Sears and Wal-Mart among our top customers.

TOTAL REVENUE US$'000



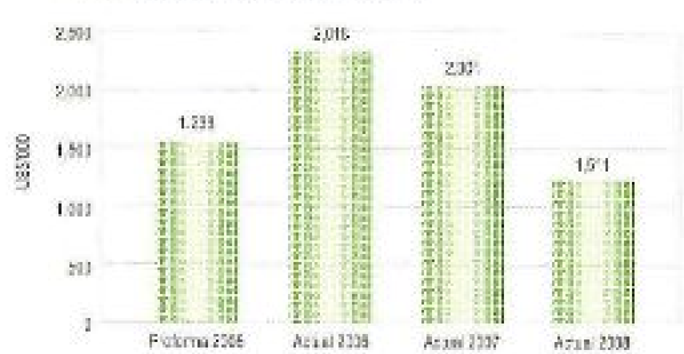
SALES BY CATEGORY US$'000



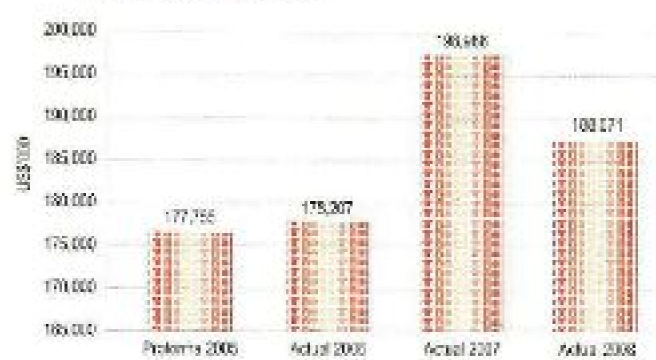
Our cost of sales declined by 5.5% to US$188.7 million compared to the previous FY 2007. The decline is consistent with the decrease in sales.

Other revenue decreased by US$0.4 million or by 33.8% as commission revenue received from fabric suppliers and logistics commission revenue received from factories were lower compared to the previous year.

▲ OTHER OPERATING INCOME US$'000



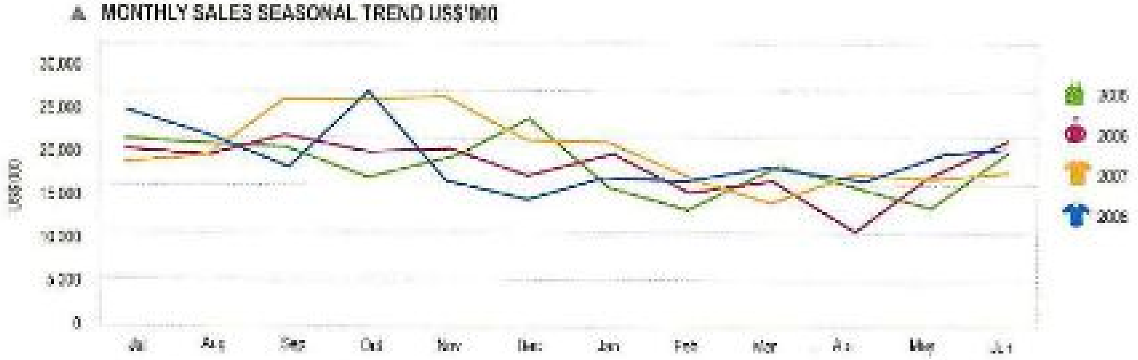
▲ COST OF SALES US$'000



The cyclicality of our business and the seasonal sales trend remained unchanged with the first quarter (July to September) and second quarter (October to December) being the strongest quarters. We are able to achieve better production loading during the low sales season in the third and fourth quarter of last year.

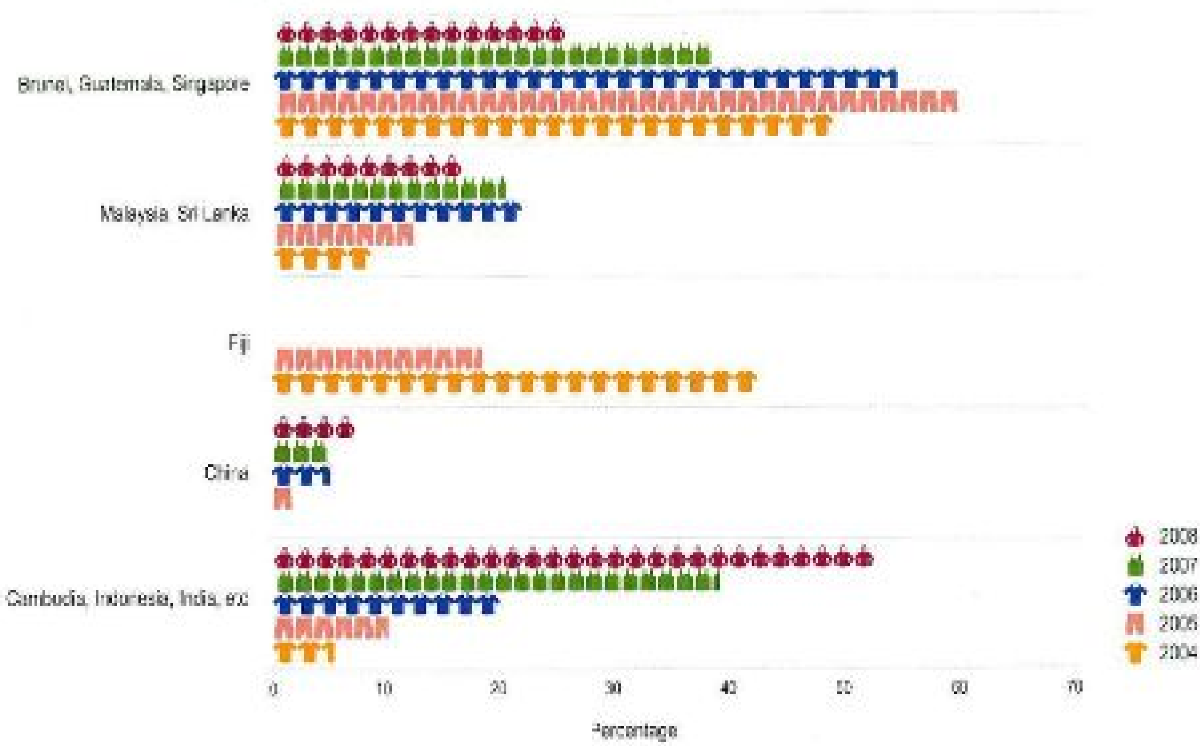
We continue to source production capacity from lower cost countries. In 2008 substantial progress had been made through sourcing from Indonesia, China, Sri Lanka and Cambodia. We have been reducing our sourcing from more expensive locations.

▲ MONTHLY SALES SEASONAL TREND US$'000

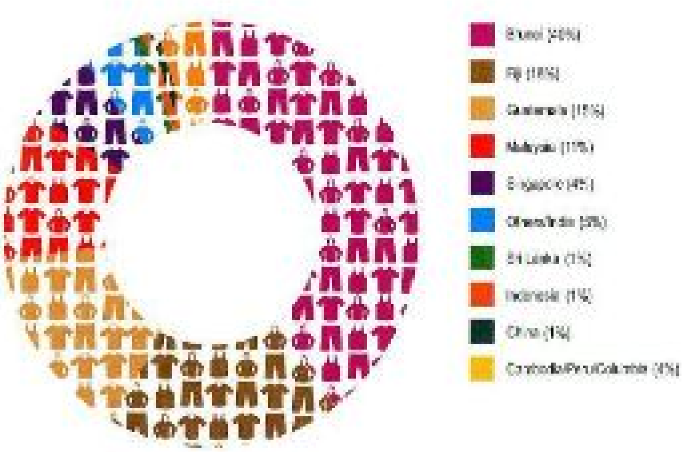


▲ MONTHLY SALES SEASONAL TREND DZ

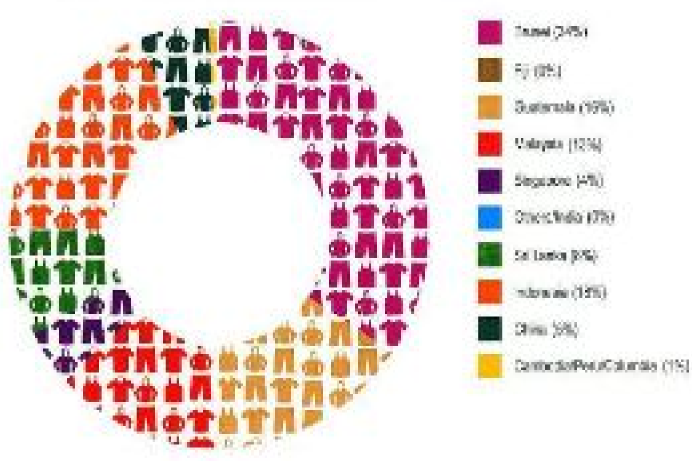
◄ SOURCING BY MANUFACTURING COUNTRIES



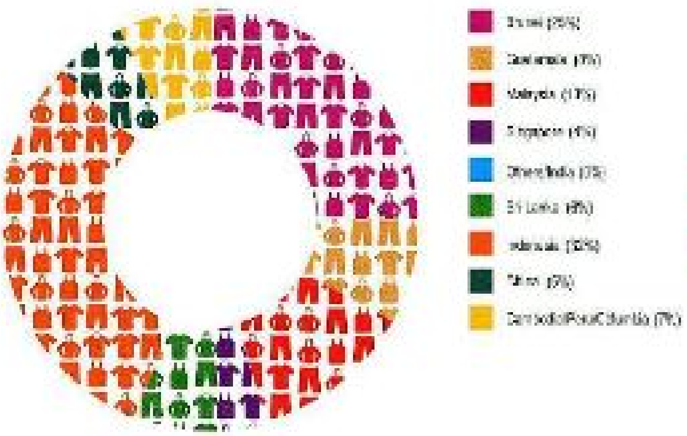
◄ 2005 SOURCING BY MANUFACTURING COUNTRIES



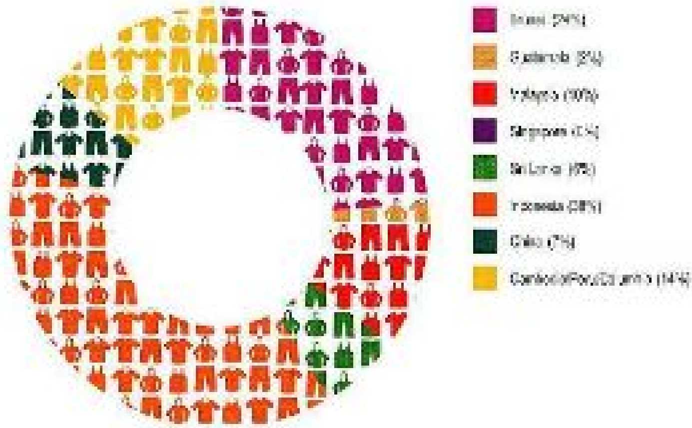
◄ 2006 SOURCING BY MANUFACTURING COUNTRIES



▲ 2007 SOURCING BY MANUFACTURING COUNTRIES



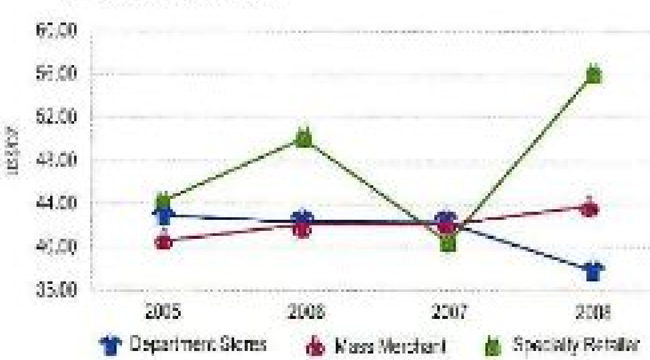
▲ 2008 SOURCING BY MANUFACTURING COUNTRIES



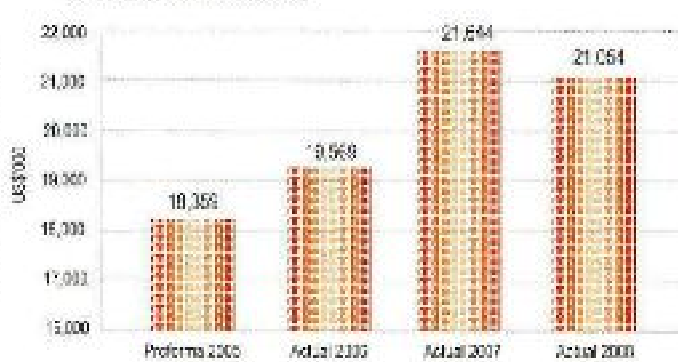
MARGIN

Gross profit was US$21.0 million compared to US$21.6 million in FY2007 as a result of lower sales. There was, however, a slight increase in gross margin by 0.3% to 10.1%, compared to gross profit margin of 9.8% in the previous year.

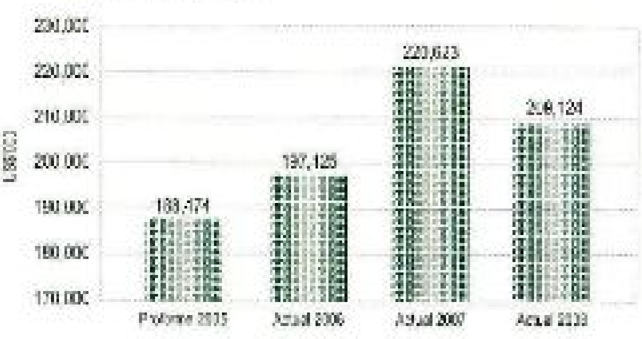
▲ PRICES PER DOZEN



▲ GROSS PROFIT US$'000

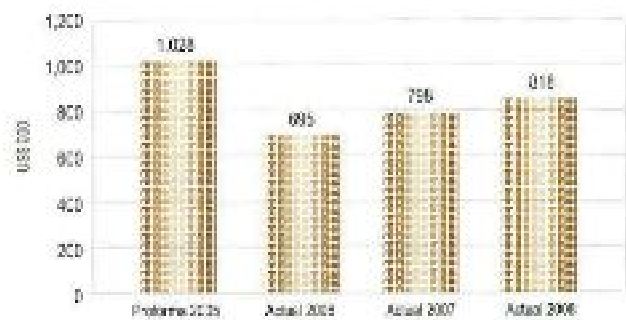


▲ FOB SALES US$'000

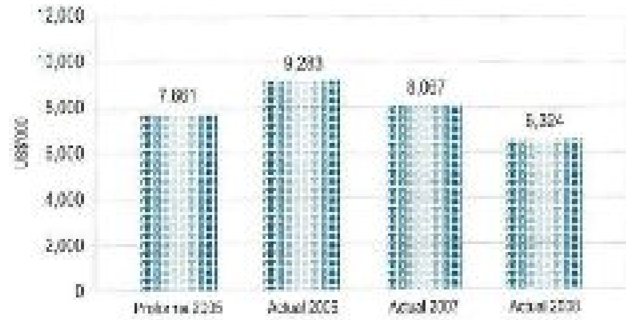


Higher operating cost and lower other operating income had resulted in GLG's net profit decreasing by 21.6% to US$6.3 million compared to net profit of US$8.1 million for 2007.

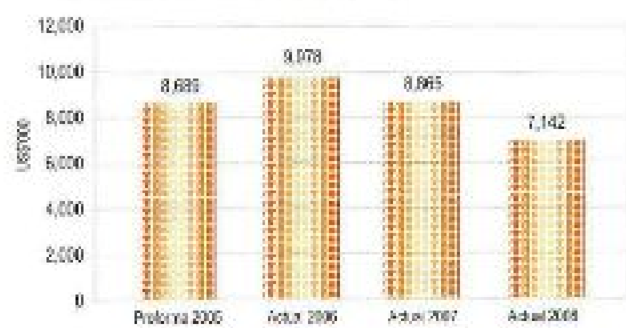
▲ INCOME TAX EXPENSES US$'000



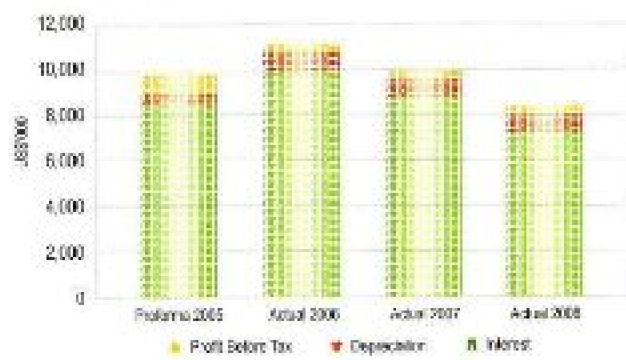
▲ NET PROFIT AFTER TAX US$'000



▲ NET PROFIT BEFORE TAX US$'000



▲ EBITA US$'000



EBITDA of GLG decreased by 16.3% to US$8.6 million due to higher operating cost and lower sales revenue.

	Proforma 30th Jun 2005 US$'000	%	Actual 30th Jun 2006 US$'000	%	Actual 30th Jun 2007 US$'000	%	Actual 30th Jun 2008 US$'000	%
EBITDA								
Profit before tax	8,689	4.4%	9,978	5.1%	8,865	4.0%	7,141	3.4%
Add back:								
Interest	496	0.3%	815	0.4%	853	0.4%	936	0.4%
Depreciation	735	0.4%	631	0.3%	523	0.2%	464	0.2%
Total	9,920	5.1%	11,424	5.8%	10,241	4.6%	8,571	4.1%

LIQUIDITY AND GEARING

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

GLG's liquidity position improved and our current ratio increased to 4.77x compared to 4.72x in the previous year. Cash as at 30 June 2008 increased by US$1,311 thousand, or 52.1%, to US$3,829 thousand compared to US$2,518 thousand as at 30 June 2007. The increase in cash was mainly due higher cash collection of receivables prior to year-end.

Total payables and borrowings fell by US$833 thousand, or 13.9%, to US$5,154 thousand as at 30 June 2008 compared to US$5,987 thousand as at 30 June 2007 after accounting for higher off-settable trust receipts.

Equity increased to US$25,148 thousand as at 30 June 2008, from US$25,538 thousand as at 30 June 2007, mainly from retained profits as at 30 June 2008 after a dividend payment of US$4,594 thousand was made during the financial year.

GLG's gearing (Net debt/Equity) stood at 0.08 compared to previous year's 0.01. The debt ratio (Total debts/ Total assets) has similarly improved to 0.06 compared to previous year of 0.08.

	Proforma 2005	Actual 2006	Actual 2007	Actual 2008
AR Turnover/ days	19.91	31.06	37.91	36.17
Current Ratio	0.71	2.37	4.72	4.77
Gearing	1.12	0.09	(0.01)	(0.08)
Debt Ratio	0.62	0.22	0.08	0.06
Average Equity proportion	45%	74%	91%	94%
Average Debt proportion	55%	26%	9%	6%

SALES BOOKINGS

We have received sales bookings of about US$106.8 million for the 1st half of FY09. Our actual sales for the 1st half of FY08 were US$112.4 million.

DIVIDENDS

In respect of the financial year ended 30 June 2008, the Directors do not recommend the payment of dividend.

SALES / SALES BOOKING US$MILLION

Corporate Governance Statement

The Board of Directors of GLG Corp Ltd are 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

The skills, experience and expertise relevant to the position of director as well as the period of office held by each director are set out in the Directors' Report on pages 15 to 28.

Board Responsibilities

As the board acts on behalf of the shareholders and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board, through the Audit Committee, receives reports from management on an on-going basis as to the material risks associated with the company's operations and the recommended risk mitigation process that they undertake.

Corporate Governance – Principles and Recommendations

GLG Corp Ltd adopts the principles and 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 principles and 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 Corporate Governance Principles and Recommendations (2nd edition), 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 disclosures;
(vi) Respect the rights of shareholders;
(vii) Recognise and manage risk;
(viii) Remunerate fairly and responsibly;

Under the guidance of the ASX's Corporate Governance Principles and Recommendations the Board has established a nomination and remuneration committee and an audit committee. The name of members of each committee and their attendance at meetings is contained on page 22 of the Annual Report.

GLG Corp Ltd's corporate governance practices were in place throughout the period ended 30 June 2008. As set out below, with the exception of the departures from the ASXCGC's principles and 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 Corporate Governance Principles and Recommendations.

As required under the ASXCGC's principles and recommendations, the Board can confirm that it has received assurance from the Chief Executive Officer and Chief Financial Officer that the declaration contained on page 32 of the Annual Report is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Independence of Board Members

ASXCGC best practice recommendation 2.1 requires a majority of the Board to be independent directors, 2.2 recommends 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 not being a member of management and someone who is free of any other business or other relationships that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement. In accordance with this definition and further independence guidelines outlined in ASX Corporate Governance Principles and Recommendations, three of the six directors were not considered to be independent. The ASX Corporate Governance Principles and Recommendations require the materiality threshold that was used to determine whether a director is independent to be disclosed. Notwithstanding there are no contracts outside those disclosed in the Annual Report, a level of materiality of 5% of the independent directors' annual income has been set for any non-remuneration based consulting or other financial arrangements.

The Board acknowledges the best practice requirement to maintain a majority of independent directors on the 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.

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, Estina Ang Suan Hong, 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.

Board Performance Evaluation

ASXCGC best practice recommendation 2.5 requires the disclosure of the process for performance evaluation of the board, its committees and individual directors, and key executives. With the Board currently being focused on strategic issues, at this point the process of Board and committee 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 and committees on a regular basis.

Performance evaluation of directors and senior executives occurs annually as set out in the Remuneration report on page 23. There are currently no schemes for retirement benefits, other than superannuation, for any directors.

Other Information

The Company's corporate governance practices and policies are publicly available at the Company's registered office. The policies have also been posted on the Company's website.

Directors' Report

The Directors of GLG Corp Ltd ("GLG") submit herewith the annual financial report of the Company for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about the Directors and senior management
The names and particulars of the Directors of the Company during and since the end of the financial year are:

ESTINA ANG SUAN HONG

Executive Chairman Estina Ang Suan Hong is the founder of GLG Corp Ltd ("GLG"). Ms Ang is the Executive Chairman of GLG and is a member of the Nomination and Remuneration committee.

Ms Ang 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.

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

Ms Ang was also the founder of GLIT Group, a key garment manufacturing supplier to GLG. She oversaw GLIT Group's establishment of operations in Malaysia, Fiji, Brunei, Indonesia, Guatemala, China and Sri Lanka. Ms Ang divested GLIT Group following the listing of GLG. Ms Ang also oversaw the acquisition of Maxim Textile Technology Pte Ltd, a textile finishing company, and a subsidiary of Ghim Li Group Pte Ltd (the major shareholder of GLG).

Ms Ang graduated from Nanyang University 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 Independent Director joined the board on 12 October 2005.

Mr Weiss brings valuable experience in all aspects of supply chain management and global logistics in a multi-national environment. Mr Weiss is the Non Executive Deputy Chairman and an Independent Director. He is also a member of the Audit Committee and Chairman of the Nomination and Remuneration committee.

Mr Weiss currently serves as a Non Executive Director of the Board of Directors of Oroton Group Limited, IPGA Limited, Altium Limited and Housewares International Limited and is a Director of, 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.

Directors' Report

EU MUN LEONG

Director and Chief Financial Officer, joined Ghim Li Group Pte Ltd, a major shareholder of GLG as Chief Financial Officer in May 2003.

He joined the board as a Director on 12 October 2005. He is responsible for the overall planning and management of GLG's financial functions.

Mr Eu has over 25 years of accounting and financial management experience and has spent 15 years in the banking industry. He joined 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 Liang Court Group, Somerset Group and the Ascott Group and Senior Vice President, Risk Assessment group of CapitaLand Limited.

Mr Eu 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 Certified Public Accountants of Singapore and a fellow of CPA Australia. Mr Eu is also a member of the Singapore Institute of Directors.

CHRISTOPHER CHONG MENG TAK

Independent Director, joined the Board on 12 October 2005. Mr Chong is a member of the Audit Committee.

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

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

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

ERNEST SEOW TENG PENG

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

Mr Seow has over 40 years of experience in the public accounting profession and served as a partner of international public accounting firms for about 24 years. He retired as a partner of PricewaterhouseCoopers in June 2004.

He functioned as the audit engagement partner for a considerable number of public listed companies in Singapore and is familiar with requirements of listed companies, corporate governance, setting up internal controls, restructuring and financial matters. He has also been involved in listing a number of companies on the Singapore Stock Exchange.

Mr Seow is currently an independent director of SSH Corporation Ltd, Guthrie GTS Ltd, and CK Tang Ltd which are public companies listed on the Singapore Stock Exchange.

Mr Seow is a fellow of CPA Australia, Associate member of the Institute of Chartered Accountants in Australia and CPA Singapore.

YONG YIN MIN

Director, joined the Board as a Director on 7 June 2006. Mr Yong is also an Executive Director of GLG's major shareholder, Ghim Li Group Pte Ltd.

Mr Yong 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. Mr Yong was a career banker with a background in commercial and merchant banking before he joined Ghim Li Group Pte Ltd in January 2004. In addition, he has experience in market planning and human resource development consulting and in private equity.

Mr Yong will support Ms Ang in Strategic Market Planning, in reviewing opportunities for acquisitions and in grooming the next generation of GLG managers.

The above named directors held office during the whole of the financial year and since the end of the financial year.

Directorships of other listed companies

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

Name	Company	Period of directorship	Audit Committee
Samuel Scott Weiss	Oroton Group Limited	Since 2003	Yes
	Altium Limited	Since 2003	Yes
	IPGA Limited	Since 2007	Yes
	Housewares International Ltd	Since 2005	Yes
Christopher Chong Meng Tak	Lorenzo International Limited	Since 2005	Yes
	ASL Marine Holdings Ltd	Since 2003	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
	Showy International Ltd	Since 2008	Yes
Ernest Seow Teng Peng	SSH Corporation Ltd	Since 2005	Yes (Chairman)
	C.K. Tang Ltd	Since 2007	Yes
	Guthrie GTS Ltd	Since 2007	No

Former partners of the audit firm

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

Directors' shareholdings

The following table sets out each director's relevant interest in shares, 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 Number	Share Options Number
Estina Ang Suan Hong	54,726,666	-
Samuel Scott Weiss	86,666	33,333
Eu Mun Leong	116,000	-
Christopher Chong Meng Tak	93,341	66,666
Ernest Seow Teng Peng	33,333	66,666
Yong Yin Min	-	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 23 to 28.

Share options granted to directors and senior management

During and since the end of the financial year an aggregate nil share options (2007: nil) were granted to the following directors as part of their remuneration:

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 IPO's, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice. Shane is currently Company Secretary of ASX listed companies, BioLayer Corporation Limited and Nimrodel Resources Limited on a contract basis.

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

Principal activities

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

Review of operations

GLG's net profit declined 21.6% to US$6,324 thousand, against a net profit of US$8,067 thousand in the previous year. The decline was due to lower revenue and higher selling and distribution and other expenses during the year.

GLG's sales decreased by US$11,507 thousand, or 5.2 % to US$209,125 thousand compared to sales of US$220,632 thousand in the previous year. The decline in sales was affected mainly by lower orders from clients.

Other revenue decreased by US$438 thousand to US$857 thousand as commission revenue received from fabric suppliers and logistics commission revenue received from factories were lower compared to the previous year.

Other income decreased by US$339 thousand to US$374 thousand as interest income were reduced from long term other receivables which were repaid during the first half of the financial year.

Cost of sales decreased by US$10,917 thousand, or 5.5%, to US$188,071 thousand compared to cost of sales of US$198,988 thousand in the previous year, and was consistent with the decrease in sales.

GLG's gross profit was US$21,054 thousand compared to a gross profit of US$21,644 thousand in the previous year as a result of lower sales. There was, however, a slight increase in gross margin by 0.3% to 10.1%, compared to gross profit margin of 9.8% in the previous year.

Selling and distribution cost went up to US$1,672 thousand compared to US$1,384 thousand in the previous year. The increase in expenses was mainly due to higher sample charges.

Administrative expenses decreased marginally by US$138 thousand, or 1.3% to US$10,674 thousand compared to US$10,785 thousand in the previous year which included one-off charge of US$307 thousand for straight lining of operating lease during the last financial year.

Finance cost was relatively flat at US$1,498 thousand compared to US$1,492 thousand in the previous year. The weakening of US currency resulted in higher exchange losses under other operating expenses for the year, which increased to US$1,235 thousand compared to US$1,099 thousand in the previous year.

Tax expense increased by US$17 thousand to US$815 thousand compared to US$798 thousand in the previous year. Previous year tax expense were lower because of a one-off tax write backs of US$198 thousand.

The discussion that follows compares the Consolidated Balance Sheet as at 30 June 2008 with that of 30 June 2007.

Cash as at 30 June 2008 increased by US$1,311 thousand, or 52.1%, to US$3,829 thousand compared to US$2,518 thousand as at 30 June 2007. The increase in cash was mainly due to higher cash collection of receivables prior to year-end.

Trade and other receivables decreased by US$2,188 thousand, or 9.5%, to US$20,726 thousand as at 30 June 2008 compared to US$22,914 thousand as at 30 June 2007. The decrease is a result of the decrease in revenue and customer orders closer to year end for 30 June 2008.

Other current assets decreased by US$14 thousand, or 7%, to US$186 thousand as at 30 June 2008 compared to US$200 thousand as at 30 June 2007. The increase was attributable mainly to prepayments for insurance and computer software.

Total payables and borrowings fell by US$833 thousand, or 13.9%, to US$5,154 thousand as at 30 June 2008 compared to US$5,987 thousand as at 30 June 2007 after accounting for higher off-settable trust receipts.

Equity increased to US$25,148 thousand as at 30 June 2008, from US$23,538 thousand as at 30 June 2007, mainly from retained profits as at 30 June 2008 after a dividend payment of US$4,594 thousand was made during the financial year.

The discussion that follows compares the Consolidated Statement of Cash flow as at 30 June 2008 with that of 30 June 2007.

GLG's cash from operating activities decreased to an inflow of US$6,913 thousand as at 30 June 2008 compared to an inflow of US$12,217 thousand as at 30 June 2007. The reduction in the cash flow from operating activities is mainly due to the decrease in revenue through receipts from customers during FY08 as a result of the downturn in the US economy.

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

On July 29 2008, a customer filed for bankruptcy petition under Chapter 11 Reorganisation of the United States Bankruptcy Code. Shipment totalling US$6.06 million had been made to the customer by that date, out of which US$3.22 million was shipped and receivables outstanding as at June 30, 2008. Of the US$6.06 million, US$2.71 million were under letters of credits issued by the agent of the customer. Under the Priority Administrative Expenses of Chapter 11 rules US$3.35 million can be claimed directly from the customer. Payments amounting to US$2.28 million were received from the customer subsequent to July 29, 2008.

Based on legal advice, the Company believes that the outstanding amounts are collectible. Accordingly, the Company presently does not consider it necessary to make any provision for the amount of the receivable due from this debtor at 30 June 2008.

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 year ended 30 June 2008, the Directors do not recommend the payment of a final dividend and no interim dividend was paid.

In respect of the financial year ended 30 June 2007, as detailed in the Directors' report for that financial year, a final unfranked dividend of US6.2 cents per share was to the holders of fully paid ordinary shares on 31 October 2007.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of the unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
GLG Corp Limited	166,665	Ordinary	–	11 October 2008

The holders of the shares do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid for shares
GLG Corp Limited	66,666	Ordinary	$nil	$nil

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Shane Hartwig, and all executive officers of the company and of any permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year 6 Board meetings, 3 Nomination and Remuneration Committee meetings and 4 Audit Committee meetings were held:

	Board of directors		Nomination & remuneration committee		Audit committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Estina Ang Suan Hong	6	6	3	3	–	–
Samuel Scott Weiss	6	6	3	3	4	4
Eu Mun Leong	6	6	–	–	–	–
Ernest Seow Teng Peng	6	6	3	3	4	4
Christopher Chong Meng Tak	6	5	–	–	4	2
Yong Yin Min	6	6	–	–	–	–

Non-audit services

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

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

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

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

Auditor's independence declaration

The auditor's independence declaration is included on page 29 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.

All amounts are presented in US dollars, unless otherwise noted.

REMUNERATION REPORT

This Remuneration report, which forms part of the Directors' report, sets out information about the remuneration of GLG Corp Ltd's directors and its senior management for the financial year ended 30 June 2008. The prescribed details for each person covered by this report are detailed below under the following headings:

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

Director and senior management details

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

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

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

- Candida Chung (Chief Operating Office, appointed 1 September 2006, resigned 27 July 2007)
- Agnes Ng Moi Ngw (Senior VP, Product Sourcing & Business Development)
- Surina Gan Meng Hui (Senior VP, Sales & Marketing)

Remuneration policy

The remuneration for Key Management Personnel is determined as follows:

- For the Executive Chairman, Chief Executive Officer 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.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the four years to June 2008. The Company is unable to disclose five years of the following information as it was not operating in years prior to those shown:

	30 June 2008 $'000	30 June 2007 $'000	30 June 2006 $'000	30 June 2005 $'000
Revenue	210,356	222,640	200,077	197,626
Net profit before tax	7,144	8,892	9,978	8,689
Net profit after tax	6,324	8,067	9,253	7,681
Share price at start of year	$0.85	$1.02	$1.00	N/A[1]
Share price at end of year	$0.26	$0.85	$1.02	N/A[1]
Final dividend (unfranked)	–	6.2cps	6.2cps	–
Basic earnings per share	8.53cps	10.89cps	13.85cps	13.10cps
Diluted earnings per share	8.53cps	10.89cps	13.85cps	13.10cps

[1] The Company started trading in ASX with affect from 12 December 2005 under the stock code of GLE.

Remuneration of directors and senior management

Each executive director of the Company has entered into an Executive Service Agreement with Ghim Li Global Pte Ltd, a major subsidiary of GLG Corp 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 from year to year, unless their Executive Service Agreement is terminated;
- are covenanted to not compete against GLG's operations for a period of 12 months after cessation of employment with 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.

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. However, there was no bonus paid during the year.

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

Each key manager receives a salary per annum, reviewed by the Chief Executive Officer annually with reference to the progress of GLG. Each may also be entitled to an annual bonus determined by the Chief Executive Officer, reviewed by the Nomination and Remuneration Committee, and approved by the Board taking into account overall management performance and the Company's profit for the year. Cash bonuses were paid in January 2008 in respect of the calendar year to December 2007 and are based on the performance of the entity and the discretion of management.

Elements of Key Management Personnel remuneration

Remuneration packages contain the following key elements:

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

(b) Post-employment benefits; and

(c) Equity Options.

Remuneration of directors and senior management

	Short term employment benefits				Post-employment benefits	Other long-term employee benefits	Share – based payment	
2008	Salary & fees US$	Bonus US$	Non-monetary US$	Other US$	Super-annuation US$	US$	Options & rights US$	Total US$
Directors								
Estina Ang Suan Hong	488,383	29,803	-	-	11,320	-	-	529,506
Samuel Scott Weiss	65,420	-	-	-	-	-	21,095	86,515
Eu Mun Leong	123,646	4,158	-	-	3,882	-	-	131,686
Christopher Chong Meng Tak	43,614	-	-	-	-	-	21,095	64,709
Ernest Seow Teng Peng	43,614	-	-	-	-	-	21,095	64,709
Yong Yin Min	165,295	5,545	-	-	3,227	-	-	174,067
	929,972	**39,506**	-	-	**18,429**	-	**63,285**	**1,051,192**
Executives								
Surina Gan Meng Hui	177,805	4,713	-	-	11,501	-	-	194,019
Candida Chung Choon Nai	15,948	-	-	16,482	-	-	-	32,430
Agnes Ng Moi Ngw	152,231	2,634	-	-	4,705	-	-	159,570
	345,984	**7,347**	-	**16,482**	**16,206**	-	-	**386,019**
Total	**1,275,956**	**46,853**	-	**16,482**	**34,635**	-	**63,285**	**1,437,211**

[1] Estina Ang Suan Hong are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer and Eu Mun Leong as the Chief Financial Officer.

[2] Candida Chung Choon Nai resigned in the 2008 financial year on 27 July 2007.

Remuneration of directors and senior management

2007	Short term employment benefits: Salary & fees US$	Short term employment benefits: Bonus US$	Short term employment benefits: Non-monetary US$	Short term employment benefits: Other US$	Post-employment benefits Super-annuation US$	Other long-term employee benefits US$	Share – based payment Options & rights US$	Total US$
Directors								
Estina Ang Suan Hong	421,621	–	–	–	7,721	–	–	429,342
Samuel Scott Weiss	58,705	–	–	–	–	–	30,348	89,053
Eu Mun Leong	106,890	–	–	–	3,950	–	–	110,840
Christopher Chong Meng Tak	34,114	–	–	–	–	–	30,348	64,462
Ernest Seow Teng Peng	34,114	–	–	–	–	–	30,348	64,462
Yong Yin Min	96,819	–	–	–	–	–	–	96,819
	752,263	**–**	**–**	**–**	**11,671**	**–**	**91,044**	**854,978**
Executives								
Surina Gan Meng Hui	117,483	–	–	–	4,628	–	–	122,111
Peter Tay Teck Keng	100,608	–	–	–	4,170	–	–	104,778
Candida Chung Choon Nai	202,898	–	–	–	4,892	–	–	207,790
Agnes Ng Moi Ngw	112,644	–	–	–	3,936	–	–	116,580
Lee Kim Ho	85,178	–	–	11,615	3,136	–	–	99,929
Ricky Fok Chor Lim	23,077	–	–	–	–	–	–	23,077
Julie Tan Kar Hian	72,014	–	–	11,615	4,530	–	–	88,159
	713,902	**–**	**–**	**23,230**	**25,292**	**–**	**–**	**762,424**
Total	**1,466,165**	**–**	**–**	**23,230**	**36,963**	**–**	**91,044**	**1,617,402**

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position. Peter Tay Teck Kong and Ricky Fok Chor Lim resigned in the 2007 financial year and no remuneration was received by either in the 2008 financial year.

Due to an internal restructure, Julie Tan Kar Hian and Lee Kim Ho are no longer considered to be key management personnel of the GLG Group.

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 GLG Corp Ltd 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 is 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 overall 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 year:

Option Series	Number	Grant date	Expiry date	Exercise price	Grant date fair value
(1) Issued 11 October 2006	100,000	14/12/05	11/10/06	–	0.74
(2) Issued 11 October 2007	100,000	14/12/05	11/10/07	–	0.74
(3) Issued 11 October 2008	100,000	14/12/05	11/10/08	–	0.74

The series 2 options vested during the current reporting period (2007: 100 000).

The fair value of options granted during 2007 was $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.

The share options outstanding as at 30 June 2008 have a weighted average remaining contractual life of 3.40 months.

The following grants of share-based payment compensation to directors relate to the current financial year:

Name	Option series	During the financial year				% of compensation for the year consisting of options
		No. granted	No. vested	% of grant vested	% of grant forfeited	
Samuel Scott Weiss	(2) Issued 11 October 2007	–	33,333	66%	n/a	24.38%
Ernest Seow Teng Peng	(2) Issued 11 October 2007	–	33,333	66%	n/a	32.60%
Christopher Chong Meng Tak	(2) Issued 11 October 2007	–	33,333	66%	n/a	32.60%

During the year, the following directors exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of GLG Corp Ltd

Name	No. of options exercised	No. of ordinary shares of GLG Corp Ltd issued	Amount paid	Amount unpaid
Samuel Scott Weiss	33,333	33,333	$nil	$nil
Ernest Seow Teng Peng	–	33,333	$nil	$nil
Christopher Chong Meng Tak	33,333	33,333	$nil	$nil

The following table summarises the value of options granted, exercised or lapsed during the annual reporting year to the identified directors and executives:

	Value of options granted at the grant date (i) US$	Value of options exercised at the exercise date (ii) US$	Value of options lapsed at the date of lapse (iii) US$
Samuel Scott Weiss	–	29,999	–
Christopher Chong Meng Tak	–	29,999	–
Ernest Seow Teng Peng	–	–	–

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) The value of options exercised is determined as the share price of GLG per date that options exercised.

(iii) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied.

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

On behalf of the Directors

Estina Ang Suan Hong
Executive Chairman

Singapore,
5 September 2008

Deloitte.

Auditors Independence Declaration to the Directors of GLG Corp Ltd

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

5 September 2008

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 2008, 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
DELOITTE TOUCHE TOHMATSU

CM Barling
Partner
Chartered Accountant

Deloitte.

Independent Auditor's Report to the members of GLG Corp Ltd

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Report on the Financial Report

We have audited the accompanying financial report of GLG Corp Ltd, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 34 to 89.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Deloitte.

Auditor's Opinion

In our opinion:

(a) the financial report of GLG Corp Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of GLG Corp Ltd for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

CM Barling
Partner
Chartered Accountants

Hobart, 5 September 2008

Liability limited by a scheme approved under Professional Standards Legislation

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 2001.

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
5 September 2008

Financial Report

Income statement

for the financial year ended 30 June 2008

	Note	Consolidated 2008 US$'000	Consolidated 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
Continuing Operations					
Revenue	5	209,125	220,632	-	-
Cost of sales		(188,071)	(198,988)	-	-
Gross profit		**21,054**	**21,644**	-	-
Other revenue	5	857	1,295	-	-
Other income	5	374	713	914	5,063
Distribution expenses		(1,672)	(1,384)	(78)	(71)
Administration expenses		(10,647)	(10,785)	(311)	(489)
Finance costs	6	(1,498)	(1,492)	-	-
Other expenses		(1,235)	(1,099)	(321)	(179)
Share of losses of jointly controlled entities accounted for using the equity method	11	(89)	-	-	-
Profit before income tax expense	7	**7,144**	**8,892**	**204**	**4,324**
Income tax expense	8	(815)	(798)	-	-
Profit for the year from continuing operations		**6,329**	**8,094**	**204**	**4,324**
Discontinued operations					
Loss for the year from discontinued operations	26	(5)	(27)	-	-
Profit for the year		**6,324**	**8,067**	**204**	**4,324**
Earnings per share:					
From continuing and discontinued operations:					
Basic (cents per share)	20	8.53	10.89	-	-
Diluted (cents per share)	20	8.53	10.89	-	-
From continuing operations:					
Basic (cents per share)	20	8.54	10.92	-	-
Diluted (cents per share)	20	8.54	10.92	-	-

Notes to the financial statements are included on pages 39 to 89

Balance sheet

as at 30 June 2008

	Note	Consolidated 2008 US$'000	Consolidated 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
Current assets					
Cash and cash equivalents	27(a)	3,829	2,518	46	7
Trade and other receivables	9	20,726	22,914	933	5,116
Other assets	14	186	200	68	88
Total current assets		**24,741**	**25,632**	**1,047**	**5,211**
Non-current assets					
Other financial assets	10	5,085	3,404	53,410	53,410
Investments accounted for using the equity method	11	–	–	–	–
Property, plant and equipment	12	1,467	1,670	–	–
Other intangible assets	13	–	–	–	–
Total non-current assets		**6,552**	**5,074**	**53,410**	**53,410**
Total assets		**31,293**	**30,706**	**54,457**	**58,621**
Current liabilities					
Trade and other payables	15	3,425	3,639	631	334
Borrowings	16	833	737	–	–
Current tax liabilities	8(b)	925	1,053	–	–
Total current liabilities		**5,183**	**5,429**	**631**	**334**
Non-current liabilities					
Borrowings	16	896	1,611	–	–
Deferred tax liabilities	8(c)	66	128	–	43
Total non-current liabilities		**962**	**1,739**	**–**	**43**
Total liabilities		**6,145**	**7,168**	**631**	**377**
Net assets		**25,148**	**23,538**	**53,826**	**58,244**
Equity					
Issued capital	17	10,252	10,193	53,552	53,483
Reserves	18	144	323	63	160
Retained earnings	19	14,752	13,022	211	4,601
Total equity		**25,148**	**23,538**	**53,826**	**58,244**

Notes to the financial statements are included on pages 38 to 89

Statement of changes in equity

for the financial year ended 30 June 2008

	Note	Issued Capital US$'000	Share based payment Reserves US$'000	Financial Guarantee Reserves US$'000	Retained Profits US$'000	Total US$'000
Consolidated						
Balance at 1 July 2006		10,193	–	78	9,549	19,820
Net income recognised directly in equity		–	–	–	–	–
Profit for the year		–	–	–	8,067	8,067
Total recognised income and expense		–	–	–	**8,067**	**8,067**
Recognition of financial guarantee fees	18	–	–	85	–	85
Recognition of share-based payments	18	–	160	–	–	160
Payment of dividends	21	–	–		(4,594)	(4,594)
Balance at 30 June 2007		**10,193**	**160**	**163**	**13,022**	**23,538**
Balance at 1 July 2007		10,193	160	163	13,022	23,538
Net income recognised directly in equity		(89)	–	–	–	(89)
Profit for the year		–	–	–	6,324	6,324
Total recognised income and expense		**(89)**	–		**6,324**	**6,235**
Recognition of financial guarantee fees	18	–	–	(82)	–	(82)
Recognition of share-based payments	18	–	51	–	–	51
Transfer to issued share capital		148	(148)	–	–	–
Payment of dividends	21	–	–	–	(4,594)	(4,594)
Balance at 30 June 2008		**10,252**	**63**	**81**	**14,752**	**25,148**
Company						
Balance at 1 July 2006		53,483	–	–	4,871	58,354
Net income recognised directly in equity		–	–	–	–	–
Profit for the year		–	–	–	4,324	4,324
Total recognised income and expense		–	–	–	**4,324**	**4,324**
Recognition of share-based payments	18	–	160	–	–	160
Payment of dividends	21	–	–	–	(4,594)	(4,594)
Balance at 30 June 2007		**53,483**	**160**	–	**4,601**	**58,244**
Balance at 1 July 2007		53,483	160	–	4,601	58,244
Net income recognised directly in equity		**(79)**	–	–	–	**(79)**
Profit for the year		–	–	–	204	204
Total recognised income and expense		**(79)**	–	–	**204**	**125**
Recognition of share-based payments	18	–	51	–	–	51
Transfer to retained earnings	18	148	(148)	–	–	–
Payment of dividends	21	–	–	–	(4,594)	(4,594)
Balance at 30 June 2008		**53,552**	**63**	–	**211**	**53,826**

Notes to the financial statements are included on pages 38 to 89

Cash flow statement

for the financial year ended 30 June 2008

	Note	Consolidated 2008 US$'000	Consolidated 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
Cash flows from operating activities					
Receipts from customers		207,320	223,439	111	11
Payments to suppliers and employees		(198,614)	(210,105)	(805)	(428)
Interest and other costs of finance paid		(936)	(853)	–	–
Interest received		153	313	3	10
Income tax paid		(1,010)	(577)	–	–
Net cash provided by/(used in) operating activities	27(c)	**6,913**	**12,217**	**(691)**	**(407)**
Cash flows from investing activities					
Proceeds from sales of property, plant and equipment		86	1	–	–
Payment for property, plant and equipment		(386)	(646)	–	–
Proceeds on sales of investment		–	(57)	–	–
Dividends received		–	–	5,000	5,000
Interests acquired in joint venture		(89)	–	–	–
Proceeds from repayment of related party loans		–	–	115	–
Net cash provided by/(used in) investing activities		**(389)**	**(702)**	**5,115**	**5,000**
Cash flows from financing activities					
Dividends paid		(4,594)	(4,594)	(4,594)	(4,594)
Repayment of borrowings		(619)	(9,480)	(184)	(518)
Amounts advanced to related parties		–	–	393	–
Net cash used in financing activities		**(5,213)**	**(14,074)**	**(4,385)**	**(5,112)**
Net increase/(decrease) in cash and cash equivalents		**1,311**	**(2,559)**	**39**	**(519)**
Cash and cash equivalents at the beginning of the financial year		2,518	5,077	7	526
Cash and cash equivalents at the end of the financial year	27(a)	**3,829**	**2,518**	**46**	**7**

Notes to the financial statements are included on pages 38 to 89

Notes to the financial report

1. **General information**

GLG Corp Ltd (the Company) is a public company listed on the Australian Stock Exchange (trading under the symbol 'GLE'), incorporated in Australia and operating in Asia.

GLG Corp Ltd's registered office and principal place of business are as follows:

Registered office	Principal place of business
Level 5, 56 Pitt Street Sydney, NSW 2000 Australia	41, Changi South Ave 2, Singapore 486153

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

2. **Significant accounting policies**

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

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

The financial statements were authorised for issue by the Directors on 5 September 2008.

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. All amounts are presented in US dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure.

Notes to the financial report

2. Significant accounting policies (cont'd)

Adoption of new and revised Accounting Standards (cont'd)

- AASB 101 ' Presentation of Financial Statements (revised October 2008)
- AASB 7 'Financial Instruments: Disclosures'
- AASB 2008-4 'Amendments to Australian Accounting Standards Key Management Personnel Disclosures by Disclosing Entities which amends AASB Related Party Disclosures'.

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

(a) *Basis 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 25 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.

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

(b) *Joint venture arrangements*

Jointly controlled entities

Interest in jointly controlled entities in which the Group is a venturer (and so has joint control) are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

Investments in jointly controlled entities where the Group is an investor but does not have joint control over that entity are accounted for as an available-for-sale financial asset or, if the Group has significant influence, by using the equity method.

Notes to the financial report

2. Significant accounting policies (cont'd)

(c) *Foreign currency*

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

In preparing the financial statements of the individual entities, transaction in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

(i) exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings (refer note 2 (k));
(ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
(iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated in United States dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the groups foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

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.

(d) *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.

Notes to the financial report

2. Significant accounting policies (cont'd)

(d) *Goods and services tax (cont'd)*

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

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

(e) *Revenue recognition*

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

Sale of goods

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

Rendering of services

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

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.

(f) *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.

Notes to the financial report

2. Significant accounting policies (cont'd)

(f) *Income tax (cont'd)*

Deferred tax (cont'd)

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.

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.

(g) *Cash and cash equivalents*

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

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(h) *Financial assets*

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

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

Notes to the financial report

2. Significant accounting policies (cont'd)

(h) Financial assets (cont'd)

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.

Effective interest method

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

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

Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

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

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

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

Notes to the financial report

2. **Significant accounting policies (cont'd)**

(h) ***Financial assets (cont'd)***

Derecognition of financial assets

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

(i) ***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.

(j) ***Property, plant and equipment***

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are carried in the balance sheet at fair value, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

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 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 are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	5-10 years
Plant and equipment	5-10 years
Furniture, fittings and office equipment	3-6 years
Motor vehicles	5-10 years

Notes to the financial report

2. Significant accounting policies (cont'd)

(k) *Borrowing costs*

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.

(l) *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.

Group as lessee
Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the 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.

(m) *Intangible assets*

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.

Internally-generated intangible assets - 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.

Notes to the financial report

2. Significant accounting policies (cont'd)

(m) Intangible assets

Internally-generated intangible assets - research and development costs (cont'd)

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.

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

(n) 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.

Defined contribution plans

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

(o) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, 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.

Notes to the financial report

2. Significant accounting policies (cont'd)

(o) *Provisions (cont'd)*

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.

(p) *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. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

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. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. 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. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

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.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Notes to the financial report

2. Significant accounting policies (cont'd)

(p) Financial instruments issued by the Company (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)
A financial liability is held for trading if:
- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 28.

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

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

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

(q) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. 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. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 29.

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 Group's estimate of equity instruments that will eventually vest.

Notes to the financial report

2. Significant accounting policies (cont'd)

(q) Share-based payments (cont'd)

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

No amount has been recognised in the financial statements in respect of the other equity-settled shared-based payments.

(r) Standard and Interpretations issued not yet effective

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

Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

• AASB 101 'Presentation of Financial Statements' (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 8 'Operating Segments'.	Effective for annual reporting periods beginning on or after 1 January 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the Company:

• AASB 123 'Borrowing Costs' (revised)	Effective for annual reporting periods beginning on or after 1 January 2008

The potential effect of the initial application of the expected issue of an Australian equivalent accounting standard to the following Standard had not yet been determined:

• IFRS 3 'Business Combinations' and IAS 27 'Separate and Consolidated Financial Statements'	Effective for annual reporting periods beginning on or after 1 July 2009
• AASB 2008-7 'Amendments to Australian Accounting Standards Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.	Effective for annual reporting periods beginning on or after 1 July 2009.

Notes to the financial report

3. **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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.

Foreign Currency

The Group enters into certain transactions denominated in foreign currencies to manage the risk associated with anticipated horticultural export transactions. Further details of foreign currency transactions are disclosed in note 28 to the financial statements.

4. **Segment information**

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

Notes to the financial report

5. Revenue

An analysis of the Group's revenue for the year, from both continuing and discontinued operations, is as follows:

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Continuing operations				
Revenue from the sale of goods	209,125	220,632	–	–
Revenue from the rendering of services	857	1,295	–	–
	209,982	**221,927**	–	–
Other income				
Interest revenue:				
Bank deposits	43	25	3	10
Other	182	288	–	–
	225	**313**	**3**	**10**
Dividends:				
Subsidiary	–	–	800	5,000
Other	149	400	111	53
	149	**400**	**911**	**5,053**
Total other income	**374**	**713**	**914**	**5,063**
	210,356	**222,640**	**914**	**5,063**
Discontinued operations				
Other income	2	10	–	–

Notes to the financial report

6. Finance costs

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Interest on loans	146	183	–	–
Interest on obligations under finance leases	11	16	–	–
Other interest expense	779	654		
Total interest expense	936	853	–	–
Line of credit charges	562	639	–	–
	1,498	1,492	–	–
Attributable to:				
Continuing operations	1,498	1,492	–	–
Discontinued operations	–	–	–	–
	1,498	1,492	–	–

7. **Profit for the year before income tax expense**

(a) **Gains and losses**

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

	Consolidated						Company					
	Continuing		Discontinued		Total		Continuing		Discontinued		Total	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Gain/(loss) on disposal of property, plant and equipment	(9)	–	–	–	(9)	–	–	–	–	–	–	–
Allowance for doubtful receivables	77	–	–	–	77	–	–	–	–	–	–	–
Net foreign exchange gain/(losses)	354	165	–	–	354	165	32	(13)	–	–	32	(13)

Notes to the financial report

7. **Profit for the year before income tax expense (cont'd)**

(b) **Other expenses**

Profit/(loss) for the year includes the following expenses:

	Consolidated						Company					
	Continuing		Discontinued		Total		Continuing		Discontinued		Total	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Depreciation of non-current assets	486	519	8	–	494	519	–	–	–	–	–	–
Amortisation of non-current assets	–	4	–	–	–	4	–	–	–	–	–	–
	486	523	8	–	494	523	–	–	–	–	–	–
Operating lease rental expenses:												
Minimum lease payments	1,316	1,593	–	–	1,316	1,593	–	–	–	–	–	–
	1,316	1,593	–	–	1,316	1,593	–	–	–	–	–	–
Employee benefit expense:												
Post employment benefits:												
Defined contribution plans	456	404	–	–	456	404	–	–	–	–	–	–
Other employee benefit	6,463	6,225	–	–	6,463	6,225	–	–	–	–	–	–
Total employee benefit expenses	6,919	6,629	–	–	6,919	6,629	–	–	–	–	–	–
Finance lease expenses	11	16	–	–	11	16	–	–	–	–	–	–

Notes to the financial report

8. Income taxes

(a) Income tax recognised in profit or loss

	Consolidated 2008 US$'000	Consolidated 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
Tax expense/(income) comprises:				
Current tax expense/(income) in respect of the current year	815	996	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	2	(198)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	1	-	-	-
Total tax expense	**818**	**798**	-	-
Attributable to:				
Continuing operations	815	798	-	-
Discontinued operations (note 26)	3	-	-	-
	818	**798**	-	-
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	7,144	8,892	204	4,324
Loss from discontinuing operations	(2)	(28)	-	-
Profit from operations	7,042	8,864	204	4,324
Income tax expense calculated at 30%	2,113	2,659	62	1,297
Effect of revenue that is exempt from taxation	(376)	-	(240)	(1,500)
Effect of expenses that are not deductible in determining taxable profit	756	16	-	-
Effects of tax concessions (i)	(614)	(900)	-	-
Effects of tax exempt income	(14)	-	-	-
Effects of different tax rates of subsidiaries operating in other jurisdiction	(1,051)	(777)	-	-
Deferred tax assets not recognised	-	-	198	203
	814	**998**	-	-
Other	4	(2)	-	-
	818	**996**	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	(198)	-	-
	818	**798**	-	-

Notes to the financial report

8. **Income taxes (cont'd)**

(a) **Income tax recognised in profit or loss (cont'd)**

(i) One of the subsidiary companies, Ghim Li Global Pte Ltd was awarded the Global Trader Program status for a period of 5 years from 1 January 2003. The Global Trader Program status were subsequently renewed and extended for another 5 years with effect from 1 January 2008. 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%.

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

The Singapore government has announced on 15 February 2007 that the corporate income tax rate will be changed from 20% to 18% with effect from the Year of Assessment 2008.

The Hong Kong government has announced on 27 February 2008 that the corporate income tax rate will be changed from 17.5% to 16.5% with effect from the Year of Assessment 2009.

(b) **Current tax assets and liabilities**

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
<u>Current tax liabilities</u>				
Income tax payable attributable to entities in the consolidated group	925	1,053	-	-
	925	1,053	-	-

Notes to the financial report

8. **Income taxes (cont'd)**

(c) **Deferred tax balances (cont'd)**

Deferred tax asset/ (liabilities) arise from the following:

	Consolidated						
	Opening balance	Charged to income	Charged to equity	Acquisitions/ disposals	Exchange differences	Changes in tax rate	Closing balance
2008	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Temporary differences							
Property, plant and equipment	85	1	–	–	–	–	86
Financial guarantee	43	–	–	–	–	–	43
Share based payment	–	(63)	–	–	–	–	(63)
	128	(62)	–	–	–	–	66
Unused tax loses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	128	**(62)**	**–**	**–**	**–**	**–**	**66**

Presented in the balance sheet as follows:

Deferred tax (liability)	**66**

	Opening balance	Charged to income	Charged to equity	Acquisitions/ disposals	Exchange differences	Changes in tax rate	Closing balance
Temporary differences							
Property, plant and equipment	87	(2)	–	–	–	–	85
Financial guarantee	20	–	23	–	–	–	43
	107	(2)	23	–	–	–	128
Unused tax loses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	107	**(2)**	**23**	**–**	**–**	**–**	**128**

Presented in the balance sheet as follows:

Deferred tax (liability)	**128**

Notes to the financial report

8. Income taxes (cont'd)

(c) Deferred tax balances (cont'd)

Unrecognised deferred tax assets

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
The following deferred tax assets have not been brought to account as assets:				
Tax losses - revenue	–	–	401	203
Temporary differences	243	324	243	324
	243	**324**	**644**	**527**

Unrecognised taxable temporary differences associated with investments and interests

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Taxable temporary differences in relation to investments in subsidiaries, branches and associates and interest in joint ventures for which deferred tax liabilities have not been recognised are attributable to the following:	198	–	–	–
	198	–	–	–

The Group has no current intention to dispose of these investments, a deferred tax liability has not been recognised in relation to investments within the tax-consolidated group. Furthermore, temporary differences that might arise on disposal of the entities in the tax-consolidated group cannot be reliably measured because of the inherent uncertainties surrounding the nature of any future disposal that might occur.

Notes to the financial report

9. Trade and other receivables

	Consolidated 2008 US$'000	Consolidated 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
Trade receivables				
Third parties (i)	20,757	18,417	-	-
Other party- GLIT group (ii)	37,109	38,453	-	-
Related Parties (ii)	7,146	6,548	800	5,116
Other receivables	1,147	592	133	-
Allowance for doubtful debts	(77)	-	-	-
	66,082	**64,010**	**933**	**5,116**
Less:				
Payable to Other Party- GLIT group (ii)	(6,307)	(9,173)	-	-
Payable to Related Parties	-	-	-	-
Bills Payable (i)	(6,682)	(6,182)	-	-
Trust Receipts related to Other party- GLIT group (ii)	(27,385)	(22,511)	-	-
Trust Receipts related to Related Parties (ii)	(5,016)	(3,263)	-	-
	20,692	**22,881**	**933**	**5,116**
Goods and services tax recoverable	34	33	-	-
	20,726	**22,914**	**933**	**5,116**

(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 reflected in the Balance Sheet at 30 June 2008 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.

Notes to the financial report

9. Trade and other receivables (cont'd)

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

Before accepting any new customers, the Group uses an external scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed twice a year. 80% of the trade receivables that are neither past due nor impaired have the best credit scoring atributable under the external credit scoring system used by the Group. Of the trade receivables balance at the end of the year, $4.8 million (2007: $5.1 million) is due from Federated Merchandising Group (Macy) the Group's largest customer (see note 28).

Included in the Group's trade receivable balance are debtors with a carrying amount of $3,515 million (2007: $3,117 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
60 – 90 days	1,388	626	-	-
90 – 120 days	96	622	-	-
More than 120 days	2,031	1,869	-	-
Total	3,515	3,117	-	-
Movement in the allowance for doubtful debts				
Balance at the beginning of the year	-	-	-	-
Allowance made during the year	-	-	-	-
Balance at the end of the year	-	-	-	-

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

It should be noted that subsequent to year end a major customer of the company, Mervyns, LLC had filed for bankruptcy petition under Chapter 11 Reorganisation of the United States Bankruptcy Code on July 29, 2008. Refer to Note 34 Subsequent Events for more detail.

Notes to the financial report

10. Other financial assets

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Non-current				
Investments in subsidiaries (note 26)	–	–	53,410	53,410
	–	–	**53,410**	**53,410**
Loans carried at amortised cost:				
Non-current				
Trade receivables – Other Party GLIT group (i)	5,085	–	–	–
Non-trade receivables – Other Party GLIT group (ii)	–	3,404	–	–
	5,085	**3,404**	**53,410**	**53,410**
Disclosed in the financial statements as :				
Non-current other financial assets	**5,085**	**3,404**	**53,410**	**53,410**

(i) The long term trade receivable arises from an amount owed by Other Party – GLIT. The amount shall be repaid in a lump sum not later than 30 June 2010 together with the accrued interest. 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 Holdings Co. Pte Ltd the ultimate holding company of GLG Corp has guaranteed the repayment in the event of a default by Other Party –GLIT.

(ii) The long term non-trade receivable for Year 2007 pertains to the long term receivable of 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 at the end of 3 years starting from 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, the ultimate parent of GLG Corp Ltd has guaranteed the repayment in the event of a default by Other Party- GLIT.

Notes to the financial report

11. Investments accounted for using the equity method

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Investments in jointly controlled entities	–	–	–	–
Reconciliation of movement in investments accounted for using the equity method				
Balance at 1 July 2007	–	–	–	–
Share of losses for the year	(89)	–	–	–
	(89)	–	–	–
Additions	89	–	–	–
Balance at 30 June 2008	–	–	–	–

Name of entity	Country of incorporation	Principal activity	Ownership interest 2008 %	Ownership interest 2007 %
Jointly controlled entities				
JES Apparel LLC	Delaware	Importer of knitwear products	51	–

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

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Financial position:				
Current assets	68	–	–	–
Current liabilities	22	–	–	–
Net assets	46	–	–	–
Group's share of jointly controlled entities' net assets	23	–	–	–
Financial performance:				
Income	–	–	–	–
Expenses	192	–	–	–
Group's share of jointly controlled entities' profit/ (loss)	(98)	–	–	–

The entity's unrecognised share of losses for the period is $9 thousand.

Notes to the financial report

12. Property, plant and equipment

	Consolidated				
	Leasehold improvements at cost	Plant & Machinery at cost	Furniture Fittings and office equipment at cost	Motor Vehicles at cost	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Gross carrying amount					
Balance at 1 July 2006	308	96	2,862	395	3,661
Additions	10	1	533	102	646
Disposals	–	(5)	(54)	(30)	(89)
Balance at 1 July 2007	**318**	**92**	**3,341**	**467**	**4,218**
Additions	–	–	386	–	386
Disposals	(10)	(7)	(134)	(9)	(160)
Balance at 30 June 2008	**308**	**85**	**3,593**	**458**	**4,444**
Accumulated depreciation/ amortisation and impairment					
Balance at 1 July 2006	**174**	**38**	**1,743**	**119**	**2,074**
Disposals	–	(1)	(23)	(21)	(45)
Depreciation expense	23	10	363	123	519
Balance at 1 July 2007	**197**	**47**	**2,083**	**221**	**2,548**
Disposals	(3)	(2)	(60)	–	(65)
Depreciation expense	21	8	337	128	494
Balance at 30 June 2008	**215**	**53**	**2,360**	**349**	**2,977**
Net book value					
As at 30 June 2007	121	45	1,258	246	1,670
As at 30 June 2008	93	32	1,233	109	1,467

The parent entity has no property, plant and equipment.
There was no depreciation during the year that was capitalised as part of the cost of other assets.

Notes to the financial report

13. Other intangible assets

	Consolidated			
	Capitalised development	Other Costs	Intellectual Property	Total
	US$'000	US$'000	US$'000	US$'000
Gross carrying amount				
Balance at 1 July 2006	133	5	625	763
Disposals	(133)	(5)	(625)	(763)
Balance at 1 July 2007	–	–	–	–
Disposals	–	–	–	–
Balance at 30 June 2008	–	–	–	–
Accumulated amortisation and impairment				
Balance at 1 July 2006	(13)	(1)	(63)	(77)
Additions	–	(4)	–	(4)
Disposals	13	5	63	81
Balance at 1 July 2007	–	–	–	–
Disposals	–	–	–	–
Balance at 30 June 2008	–	–	–	–
Net book value				
As at 30 June 2007	–	–	–	–
As at 30 June 2008	–	–	–	–

Capitalised development consisted 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 consisted of costs incurred in the acquisition of computer source codes, licenses and a shop floor inventory and payroll system.

14. Other assets

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Current				
Prepayments	186	200	68	88

Notes to the financial report

15. Trade and other payables

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Trade payables (i)	1,281	2,060	2	61
Other payables	–	–	–	185
Related parties	23	–	393	–
Accruals	2,121	1,579	236	88
	3,425	**3,639**	**631**	**334**

(i) The average credit period on purchases of certain goods is 4 months. No interest is charged on the outstanding balance of trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

16. Borrowings

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Secured – at amortised cost				
Current				
Bank loans (ii) (iii)	775	635	–	–
Trust receipts (i), (iv) (Gross)	32,401	25,774	–	–
Bills payable (v)	–	–	–	–
Finance lease liabilities (ii)	58	102	–	–
	33,234	**26,511**	–	–
Less Trust receipt - offsettable	(32,401)	(25,774)	–	–
Total	**833**	**737**	–	–
Non-current				
Bank loans (i)	770	1,370	–	–
Finance lease liabilities (ii)	126	241	–	–
	896	**1,611**	–	–
Disclosed in the financial statements as:				
Current borrowings	833	737	–	–
Non-current borrowings	896	1,611	–	–
	1,729	**2,348**	–	–

Notes to the financial report

16. Borrowings (cont'd)

Summary of borrowing arrangements:

(i) Secured by corporate guarantee from GLG Corp Ltd and Ghim Li Group Pte Ltd and negative pledge over all assets of the subject company, Ghim Li Global Pte Ltd, Ghim Li Group Pte Ltd and Ghim Li Holding Co. Pte Ltd

(ii) The bank loan is repayable by a reducing balance method of 60 monthly average installments of US$63,750 (30 June 2007: US$63,750). The average effective interest rate charge is 7.9172% per annum.

(iii) Secured by corporate guarantee from GLG Corp Ltd.

(iv) Trust Receipts not offsettable US$ nil thousand (30 June 2007: nil thousand); Trust Receipts offsettable US$32,401 thousand (30 June 2007: US$25,774 thousand). See note 9.

(v) Bills payable not offsettable US$ nil (30 June 2007: US$nil); Bills payable offsettable US$ 6,682 thousand (30 June 2007: US$6,182 thousand). See note 9.

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

	2008	2007
Bank overdrafts	US prime rate	US prime rate
Bank loans	7.92%p.a.	7.92%p.a.
Trust receipts	1- 5mths US SIBOR + (1% -1.75%)	1- 5mths US SIBOR + (1% -1.75%)
Finance lease liabilities	4.60%p.a.	4.60%p.a.
Bills payable	5.50%	6.67%

17. Issued capital

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
74,100,000 (2007: 74,100,000) fully paid ordinary shares	10,252	10,193	53,552	53,483

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Notes to the financial report

17. Issued capital (cont'd)

	Consolidated		Consolidated	
	No. '000	2008 US$'000	No. '000	2007 US$'000
Fully paid ordinary shares				
Balance at beginning of financial year	74,100	10,193	74,100	10,193
Legal costs relating to IPO expenses	-	(89)	-	-
Transfer from share based payment reserve	-	148	-	-
Balance at end of financial year	**74,100**	**10,252**	**74,100**	**10,193**

	Company		Company	
	No. '000	2008 US$'000	No. '000	2007 US$'000
Fully paid ordinary shares				
Balance at beginning and end of financial year	74,100	53,483	74,100	53,483
Legal costs relating to IPO expenses	-	(79)	-	-
Transfer of issued shares to issued share capital	-	148	-	-
	74,100	**53,552**	**74,100**	**53,483**

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

18. Reserves

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Share based payment reserve	63	160	63	160
Financial guarantees reserve	81	163	-	-
	144	**323**	**63**	**160**
Share based payment reserve				
Balance at beginning of financial year	160	-	160	-
Transfer from share based payment reserve	(148)	-	(148)	-
Share based payment recognition	51	160	51	160
Balance at end of financial year	**63**	**160**	**63**	**160**

Notes to the financial report

18. **Reserves (cont'd)**

The share-based payment reserve arises on the grant of share options to executives under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to executives in made in note 29 to the financial statements.

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Financial guarantees reserve				
Balance at beginning of financial year	163	78	-	-
Financial guarantees fee recognition	(82)	85	-	-
Balance at end of financial year	**81**	**163**	**-**	**-**

The financial guarantee reserve was created as a result of post–tax valuation differences of financial guarantees arising between related parties.

19. **Retained earnings**

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Balance at beginning of financial year	13,022	9,549	4,601	4,871
Net profit attributable to members of the parent entity	6,324	8,067	204	4,324
Dividends provided for or paid	(4,594)	(4,594)	(4,594)	(4,594)
	14,752	**13,022**	**211**	**4,601**

Notes to the financial report

20. Earnings per share

	Consolidated	
	2008 Cents per share	2007 Cents per share
Basic earnings per share:		
From continuing operations	8.54	10.92
From discontinued operations	(0.01)	(0.03)
Total basic earnings per share	**8.53**	**10.89**
Diluted earnings per share:		
From continuing operations	8.54	10.92
From discontinued operations	(0.01)	(0.03)
Total diluted earnings per share	**8.53**	**10.89**

Basic earnings per share

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

	Consolidated	
	2008 US$'000	2007 US$'000
Net profit	6,324	8,067
Earnings used in the calculation of basic EPS	6,324	8,067
Adjustments to exclude loss for the period from discontinued operations	5	27
Earnings used in the calculation of basic EPS from continuing operations	**6,329**	**8,094**

	2008 No.'000	2007 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

Notes to the financial report

20. Earnings per share (cont'd)

Diluted earnings per share

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

	Consolidated 2008 US$'000	Consolidated 2007 US$'000
Net profit	6,324	8,067
Earnings used in the calculation of diluted EPS	6,324	8,067
Adjustments to exclude loss for the period from discontinued operations	5	27
Earnings used in the calculation of diluted EPS from continuing operations	**6,329**	**8,094**

	2008 No. '000	2007 No. '000
Weighted average number of ordinary shares used in the calculation of basic EPS	74,100	74,100
Shares deemed to be issued for no consideration in respect of:		
Employee options	–	–
Weighted average number of ordinary shares used in the calculation of diluted EPS	74,100	74,100

21. Dividends

	2008 Cents per share	2008 Total US$'000	2007 Cents per share	2007 Total US$'000
Recognised amounts				
Fully paid ordinary shares				
Proposed final fully unfranked ordinary dividend	6.20	4,594	6.20	4,594

Unrecognised amounts

In respect of the financial year ended 30 June 2008, the Directors do not recommend the payment of dividend.

	Company 2008 US$'000	Company 2007 US$'000
Adjusted franking account balance	–	–

Notes to the financial report

22. Commitments for expenditure

	Consolidated 2008 US$'000	Consolidated 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
(a) Capital expenditure commitments				
Plant and equipment				
Not longer than 1 year	–	21	–	–
Longer than 1 year and not longer than 5 years	–	–	–	–
Longer than 5 years	–	–	–	–
Total	–	21	–	–

(b) Lease commitments

Finance lease liabilities and non-cancelable operating lease commitments are disclosed in note 24 to the financial statements.

23. Contingent liabilities

	Consolidated 2008 US$'000	Consolidated 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
Contingent liabilities				
Guarantees in lieu of commercial and statutory cash deposits	3,188	216	–	–
Guarantees arising from Letters of credit in force	9,142	7,675	–	–
Total	12,330	7,891	–	–

A customer of a subsidiary has withheld payment of US$1.5 million for goods delivered and the subsidiary has filed a suit to recover this amount. The customer has alleged that the subsidiary had been late in the delivery of the goods thereby causing it to incur alleged losses of US$2.7 million which it is counterclaiming from the subsidiary. The counter claims are rejected by the subsidiary and merits of these counter claims can only be fully determined when all relevant documentation is available from the customer and other parties during litigation.

However, based on the evidence available to date and the opinion of legal counsel, the Directors believe that they can defend the counter claims and recover the amount withheld by the customer. In the unlikely event that the customer is successful in their legal proceedings, the entity is able to recover substantially or all such losses from the manufacturers of the goods.

Notes to the financial report

24. Leases

Finance lease liabilities

Leasing arrangement

The Group leases motor vehicles and office equipment under finance leases expiring from one to five years. All the leases involve lease payments of a fixed base amount. No contingent rentals were paid during the year (2007: Nil)

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
No later than 1 year	66	115	–	–	58	102	–	–
Later than 1 year and not later than 5 years	129	251	–	–	121	233	–	–
Later than 5 years	5	9	–	–	5	8	–	–
Minimum future lease payments*	200	375	–	–	184	343	–	–
Less future finance charges	(16)	(32)	–	–	–	–	–	–
Present value of minimum lease payments	**184**	**343**	–	–	**184**	**343**	–	–
Included in the financial statements as (note 16)								
Current borrowings					58	102	–	–
Non-current borrowings					126	241	–	–
					184	343	–	–

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

Notes to the financial report

24. **Leases (cont'd)**

Operating leases

Leasing arrangement

The Group leases property under operating leases expiring from one to five years. Leases generally provide the Group with a right of renewal, at which time all terms are renegotiated. Operating leases for rental of office and warehouse will increase every 3 years at the rate of 9%. No contingent rentals were paid during the year (2007: nil). Note 7 shows the expense recognised in the income statement in respect of operating leases. Renewals are at the option of the specific entity that holds the lease.

Non-cancellable operating lease payments

	Consolidated	
	2008 US$'000	2007 US$'000
Not longer than 1 year	1,213	1,075
Longer than 1 year and not longer than 5 years	5,350	4,568
Longer than 5 years	360	1,570
	6,923	7,213

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

25. **Subsidiaries**

Name of subsidiary	Country of incorporation	Ownership interest 2008 %	Ownership interest 2007 %
Escala Guatemala S.A.	Republic of Guatemala	100	100
Ghim Li Global Pte Ltd	Singapore	100	100
Ghim Li Global International Ltd	Hong Kong	100	100
GG Textiles Co. Pte Ltd	Singapore	100	100
Ghim Li International (S) Pte Ltd	Singapore	100	100

Notes to the financial report

26. Discontinued operations - Disposal of subsidiaries

During the year, one of the subsidiaries was dissolved, Ghim Li Enterprise:

- Ghim Li Enterprise (USA) Inc, Incorporated in America, principal business activity was to provide sales and marketing offices for sales to USA. At 30 June 2007, the Group had 100% effective equity interest in the subsidiary and the investment cost US$1.

A summary of the investments disposed of in the 2007 years is as follows:

- Best Apparel Sourcing Corporation, Incorporated in America, principal business activity was to manage USA Customs and Logistics. The Group had 100% effective equity interest in the subsidiary and the investment cost US$664 thousand.
- Ghim Li Delaware Corporation Inc, Incorporated in America, principal business activity was to provide sales and marketing offices for sales to USA. The Group had 100% effective equity interest in the subsidiary and the investment cost was the equivalent of US$10.

The combined results of the discontinued operations which have been included in the income statement are as follows:

	Consolidated	
	2008 US$'000	2007 US$'000
Profit for the year from discontinued operations:		
Revenue and income	2	10
Expenses		
Selling and distribution	-	-
Administrative expenses	-	(22)
Other expenses	(4)	(16)
Profit/(Loss) before tax	(2)	(28)
Attributable income tax expense	(3)	1
Profit/(loss) for the year from discontinued operations	(5)	(27)
Cash flows from discontinued operations:		
Net cash flows from operating activities	-	(11)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net cash flows	-	(11)

Notes to the financial report

27. Notes to the 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 year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Cash and cash equivalents	3,829	2,518	46	7
	3,829	**2,518**	**46**	**7**

(b) Financing facilities

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Unsecured bank overdraft facility, reviewed annually and payable at call:				
• amount used	–	–	–	–
• amount unused	500	630	–	–
	500	**630**	**–**	**–**
Secured bank loan facilities with various maturity dates and which may be extended by mutual agreement:				
• amount used	52,025	44,581	–	–
• amount unused	32,462	45,432	–	–
	84,487	**90,013**	**–**	**–**

Notes to the financial report

27. Notes to the cash flow statement (cont'd)

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

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Profit for the year	6,324	8,067	204	4,324
Loss/(Gain) on sale or disposal of non-current assets	9	(55)	–	–
Depreciation and amortisation of non-current assets	494	523	–	–
Share of losses of jointly controlled entities	89	–	–	–
Non-cash movements in financial guarantee liabilities and equity settled share-based payment	(120)	–	(28)	–
Non-cash dividends received		–	(800)	(5,000)
Increase/(decrease) in current tax liability	(128)	221	–	–
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	530	2,944	–	–
Other assets	14	(137)	(113)	11
Increase/(decrease) in liabilities:				
Trade and other payables	(237)	408	89	75
Other liabilities	(62)	246	(43)	183
Net cash from operating activities	**6,913**	**12,217**	**(691)**	**(407)**

Notes to the financial report

28. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2007.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 17, 18 and 19 respectively. In addition, trust receipts are utilized as disclosed in note 9 in managing the capital of the Group.

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

Gearing ratio

An integral function of the Group's Audit Committee is risk management. The Audit Committee reviews the capital structure on a semi-annual basis. As part of this review the committee considers the cost of capital and the risks associated with each class of capital. The Group's gearing is managed internally to meet industry norms, however certain aspects of the financial presentation of the balance sheet in accordance with accounting standards causes the determination of the exact gearing ratio difficult. These presentation issues arise from the reverse acquisition accounting stipulated by the accounting standards in 2005. This accounting treatment results in consolidated equity being lower than available capital of the parent entity. In addition GLG Corp Ltd, as disclosed in earlier notes 9 and 16, has the ability to offset trust receipts with receivables due to the nature of their operations, which has the effect of reducing apparent debt levels. The operation of the trust receipts is detailed in note 9. Based on recommendations of the Committee the Group will balance its overall capital structure through the payment of dividends as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows:

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Debt (i)	1,729	2,348	-	-
Cash and cash equivalents	(3,829)	(2,518)	(46)	(7)
Net debt	**(2,100)**	**(170)**	**(46)**	**(7)**
Equity (ii)	25,148	23,538	53,826	58,244
Net debt to equity ratio	(8.35%)	(0.72%)	(0.09%)	(0.01%)

(i) Debt is defined as long-term and short-term borrowings, as detailed in note 16.
(ii) Equity includes all capital and reserves.

Notes to the financial report

28. Financial instruments (cont'd)

(b) Categories of financial instruments

	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Financial assets				
Loans and receivables	25,744	22,914	933	5,116
Cash and cash equivalents	3,829	2,518	46	7
Financial liabilities				
Amortised cost	5,154	5,987	631	334

(c) Financial risk management objectives

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

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated entity's policies approved by the board of directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

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

(d) Foreign currency risk management

The Group minimises its financial risk of changes in foreign currency exchange rate through the natural hedge of matching a significant portion of its revenues and purchases in US dollars and matching 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.

Notes to the financial report

28. Financial instruments (cont'd)

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

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

	Liabilities		Assets	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Singapore dollars	3,688	3,885	457	70
Hong Kong dollars	372	–	108	20
Other	511	174	48	8
	4,571	4,059	613	98

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

	Liabilities		Assets	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Singapore dollars	94	–	133	–
Other	144	149	47	6
	238	149	180	6

Foreign currency sensitivity analysis

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

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

Notes to the financial report

28. Financial instruments (cont'd)

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

Foreign currency sensitivity analysis (cont'd)

	Singapore dollars Impact					Hong Kong dollars Impact				
	Consolidated		Company			Consolidated		Company		
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000		2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	
Profit or loss	323	378	4	–	(i)	26	2	–	–	(ii)

	Other dollars Impact			
	Consolidated		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Profit or loss	46	17	10	14

(i) This is mainly attributable to the exposure outstanding on Singapore dollars receivables and payables at year end in the Group.

(ii) This is mainly attributable to the exposure outstanding on Hong Kong dollars receivables and payables at year end in the Group.

(e) Interest rate risk management

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

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

Interest rate sensitivity analysis

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

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

- net profit would increase by $119 thousand and decrease by $112 thousand (2007: increase by $113 thousand

Notes to the financial report

and decrease by $118 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

28. Financial instruments (cont'd)

(f) Credit risk management

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

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

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than disclosed within the Subsequent Events note 34. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

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

(g) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 27(b) is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Notes to the financial report

28. Financial instruments (cont'd)

(g) Liquidity risk management (cont'd)

Liquidity and interest risk tables

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

Consolidated

	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000
2008						
Financial Assets						
Interest bearing	4.33%	–	–	–	5,085	–
Non-interest bearing	–	16,168	6,227	568	1,558	–
Financial Liabilities						
Non-interest bearing	–	3,425	–	–	–	–
Finance lease liability	4.60%	6	12	40	121	5
Fixed interest rate instruments-bank loan	7.93%	72	145	616	896	–
Financial guarantee	–	–	–	–	–	–
2007						
Financial Assets						
Non-interest bearing	–	22,315	626	2,491	–	–
Fixed interest rate instruments	6.34%	–	–	3,404	–	–
Financial Liabilities						
Non-interest bearing	–	3,639	–	–	–	–
Finance lease liability	4.60%	10	21	84	251	9
Fixed interest rate instruments-bank loan	7.92%	64	128	578	1,485	–
Financial guarantee	–	–	–	–	–	–

Notes to the financial report

28. **Financial instruments (cont'd)**

(g) **Liquidity risk management (cont'd)**

Liquidity and interest risk tables (cont'd)

Company

	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000
2008						
Financial Assets						
Non-interest bearing	–	979	–	–	–	–
Financial Liabilities						
Non-interest bearing	–	631	–	–	–	–
Financial guarantee	–	–	–	–	–	–
2007						
Financial Assets						
Non-interest bearing	–	5,123	–	–	–	–
Financial Liabilities						
Non-interest bearing	–	334	–	–	–	–
Financial guarantee	–	–	–	–	–	–

At the year end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

In 2007, US$97.116 thousand of finance leases are secured by guarantees from a director and the subsidiary company.

The variable interest rates were as follows:

		2008	2007
(i)	Other receivables	SIBOR + 1%	SIBOR + 1%
(ii)	Bank loans	7.92%p.a.	7.92%p.a.
(iii)	Finance lease liabilities	4.60%p.a.	4.60%p.a.
(iv)	Trust receipts	1- 5mths US SIBOR + (1% -1.75%)	1- 5mths US SIBOR + (1% -1.75%)

Notes to the financial report

28. Financial instruments (cont'd)

(h) Fair value of financial instruments

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

The fair values of financial assets and financial liabilities are determined as follows

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

29. Share-based payments

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 GLG Corp Ltd 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

There is an arrangement between GLG Corp Ltd and Ghim Li Group Pte Ltd whereby GLG Corp Ltd compensates Ghim Li Group Pte Ltd for the fair value of the share options, as determined at grant date when the shares are transferred to the independent directors of GLG Corp Ltd.

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

Option Series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
(1) Issued 11 October 2006	100,000	14/12/05	11/10/06	-	0.74
(2) Issued 11 October 2007	100,000	14/12/05	11/10/07	-	0.74
(3) Issued 11 October 2008	100,000	14/12/05	11/10/08	-	0.74

Notes to the financial report

29. Share-based payments (cont'd)

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

	2008		2007	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at beginning of financial year	233,333	–	300,000	–
Granted during the financial year	–	–	–	–
Forfeited during the financial year	–	–	–	–
Exercised during the financial year	66,666	–	66,666	–
Balance at end of the financial year	166,667	–	233,333	–
Exercisable at end of the financial year	**66,666**	–	**33,333**	–

(i) Exercised during the financial year

2008 Option Series	Number exercised	Exercise date	Share price at exercise date $
(1) Issued 11 October 2006	33,333	7 April 2008	–
(2) Issued 11 October 2007	33,333	7 April 2008	–
(3) Issued 11 October 2008	–	–	–
	66,666		

2007 Option Series	Number exercised	Exercise date	Share price at exercise date $
(1) Issued 11 October 2006	66,666	27 May 2007	–
(2) Issued 11 October 2007	–	–	–
	66,666		

(ii) Balance at end of the financial year

The share options outstanding as at 30 June 2008 have a weighted average remaining contractual life of 3.40 months (2007: 9.40 months).

Notes to the financial report

30. Key management personnel compensation

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

	Consolidated		Company	
	2008 US$	2007 US$	2008 US$	2007 US$
Short-term employee benefits	1,339,291	1,489,395	152,648	126,933
Post-employment benefits	34,635	36,963	–	–
Share-based payments	63,285	91,044	63,285	91,044
	1,437,211	1,617,402	215,933	217,977

The compensation of each member of the key management personnel of the Group is set out in the director's report.

(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 management personnel 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.

Details of key management personnel

The Directors of GLG Corp Ltd during the year were:

- Estina Ang Guan 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)
- Christopher Chong Meng Tak (Independent Director)
- Ernest Seow Teng Peng (Independent Director)
- Yong Yin Min (Director)

Notes to the financial report

30. **Key management personnel compensation (cont'd)**

(a) **Key management personnel compensation policy (cont'd)**

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

- Candida Chung (Chief Operating Officer) appointed [1 September 2006] resigned [27 July 2007]
- Agnes Ng Moi Ngw (Senior VP, Product Sourcing & Business Development)
- Surina Gan Meng Hui (Senior VP, Sales & Marketing)

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

31. **Related party transactions**

(a) **Equity interests in subsidiaries**

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 25 to the financial statements.

(b) **Transactions with key management personnel**

(i) **Key management personnel remuneration**

Details of key management personnel remuneration are disclosed in notes 30 to the financial statements.

Key management personnel equity holdings

Fully paid ordinary shares of GLG Corp Ltd

	Balance at 1 July 07 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 08 No.
2008					
Estina Ang Suan Hong	54,793,334	–	–	(66,666)	54,726,668
Samuel Scott Weiss	53,333	–	33,333	–	86,666
Eu Mun Leong	16,000	–	–	100,000	116,000
Christopher Chong Meng Tak	–	–	33,333	60,008	93,341
Ernest Seow Teng Peng	33,333	–	–	–	33,333
2007					
Estina Ang Suan Hong	54,860,000	–	–	(66,666)	54,793,334
Samuel Scott Weiss	20,000	–	33,333	–	53,333
Eu Mun Leong	16,000	–	–	–	16,000
Christopher Chong Meng Tak	–	–	–	–	–
Ernest Seow Teng Peng	–	–	33,333	–	33,333

Notes to the financial report

31. Related party transactions (cont'd)

(b) Transactions with key management personnel (cont'd)

Share options of GLG Corp Ltd

	Balance at 1 July No.	Granted as compen-sation No.	Exercised No.	Net other change No.	Bal at 30 June No.	Bal vested at 30 June No.	Vested but not exerci-sable No.	Vested and exerci-sable No.	Options vested during year No.
2008									
Samuel Scott Weiss	66,666	–	(33,333)	–	33,333	–	–	–	33,333
Christopher Chong Meng Tak	99,999	–	(33,333)	–	33,333	–	–	–	33,333
Ernest Seow Teng Peng	66,666	–	–	–	66,666	–	–	–	33,333
2007									
Samuel Scott Weiss	99,999	–	(33,333)	–	66,666	–	–	–	33,333
Christopher Chong Meng Tak	99,999	–	–	–	99,999	–	–	–	33,333
Ernest Seow Teng Peng	99,999	–	(33,333)	–	66,666	–	–	–	33,333

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, 66,666 options (2007: 66,666) were exercised by key management personnel at an exercise price of nil per option for 66,666 ordinary shares in GLG Corp Ltd (2007: 66,666). No amounts remain unpaid on the options exercised during the financial year at year end.

(c) Transactions with other related parties

Other related parties include:

- the parent entity, GLG Corp Ltd;
- JES Apparel LLC
- subsidiaries of the group; and
- key management personnel of Ghim Li Group Pte Ltd.

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 10 to the financial statements.

(d) Parent entities

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

Notes to the financial report

32. 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.

33. Remuneration of auditors

	Consolidated		Company	
	2008 US$	2007 US$	2008 US$	2007 US$
Auditor of the parent entity				
Audit or review of the financial report	68,118	64,361	68,118	64,361
Tax services	6,455	–	–	–
Other non- audit services	–	–	–	–
	74,573	64,361	68,118	64,361
Related Practice of the parent entity auditor				
Audit or review of the subsidiaries	152,413	113,956	–	–
Preparation of the tax return of subsidiaries	13,644	9,948	–	–
	166,057	123,904	–	–

The auditor of *GLG Corp Ltd* is Deloitte Touche Tohmatsu. The related practices are Deloitte & Touche Singapore, Deloitte & Touche Guatemala, Deloitte & Touche Hong Kong, Dominguez of Asociados.

34. Subsequent events

On July 29 2008, a customer filed for bankruptcy petition under Chapter 11 Reorganisation of the United States Bankruptcy Code. Shipment totalling US$6.06 million had been made to the customer by that date, out of which US$3.22 million was shipped and receivables outstanding as at June 30, 2008. Of the US$6.06 million, US$2.71 million were under letters of credits issued by the agent of the customer. Under the Priority Administrative Expenses of Chapter 11 rules US$3.35 million can be claimed directly from the customer. Payments amounting to US$2.28 million were received from the customer subsequent to July 29, 2008.

Based on legal advice, the Company believes that the outstanding amounts are collectible. Accordingly, the Company presently does not consider it necessary to make any provision for the amount of the receivable due from this debtor at 30 June 2008.

Additional stock exchange information

as at 31 July 2008

<u>Ordinary share capital</u>

74,100,000 fully paid ordinary shares are held by 523 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	13	–
1,001	–	5,000	387	–
5,001	–	10,000	41	–
10,001	–	100,000	59	–
100,001 and over			23	–
			523	–
Holding less than a marketable parcel			19	–

Substantial shareholders

The names of the substantial shareholders listed in the GLG Corp Ltd register as at 31 July 2008 were:

Ordinary shareholders	Fully paid ordinary shares		Partly paid ordinary shares	
	Number	Percentage	Number	Percentage
Estina Suan Hong Ang	54,726,668	73.86%	–	–
Mr Yoke Min Pang	4,850,000	6.54%	–	–
	59,576,668	80.40%	–	–

Additional stock exchange information

as at 31 July 2008

Twenty largest holders of quoted equity securities

	Fully paid ordinary shares		Partly paid ordinary shares	
	Number	Percentage	Number	Percentage
Ghim Li Group Pte Ltd	50,282,668	67.86%	–	–
Citicorp Nominees Pty Limited	3,279,953	4.43%	–	–
Cogent Nominees Pty Limited	2,678,837	3.62%	–	–
Ghim Li Capital 2 Pte Ltd	2,222,000	3.00%	–	–
Ghim Li Capital 1 Pte Ltd	2,222,000	3.00%	–	–
Mr Yoke Min Pang	2,050,000	2.77%	–	–
Ngui Choon Ming	1,798,000	2.43%	–	–
HSBC Custody Nominees (Australia) Limited	1,377,900	1.86%	–	–
Gowings Bros Limited	830,903	1.12%	–	–
National Nominees Limited	695,612	0.94%	–	–
J P Morgan Nominees Australia	676,888	0.91%	–	–
Gwynvill Trading Pty Limited	450,000	0.61%	–	–
Dixson Trust Pty Limited	330,000	0.45%	–	–
Markess Corporate Trustee	250,000	0.34%	–	–
Mr Robert Thomas Bishop	215,000	0.29%	–	–
Kam Hing Piece Works Ltd	206,010	0.28%	–	–
Ang Leong Aik	200,000	0.27%	–	–
Mr Robert Thomas Bishop	185,000	0.25%	–	–
Chean Moy Seng	150,000	0.20%	–	–
ANZ Nominees Limited	124,101	0.17%	–	–
Eu Mun Leong	116,000	0.16%	–	–

Company secretary
Mr Shane Hartwig

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Samuel Scott Weiss
Eu Mun Leong
Christopher Chong Meng Tak
Ernest Seow Teng Peng
Yong Yin Min

COMPANY SECRETARY
Mr Shane Hartwig

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AUDITOR OF THE COMPANY
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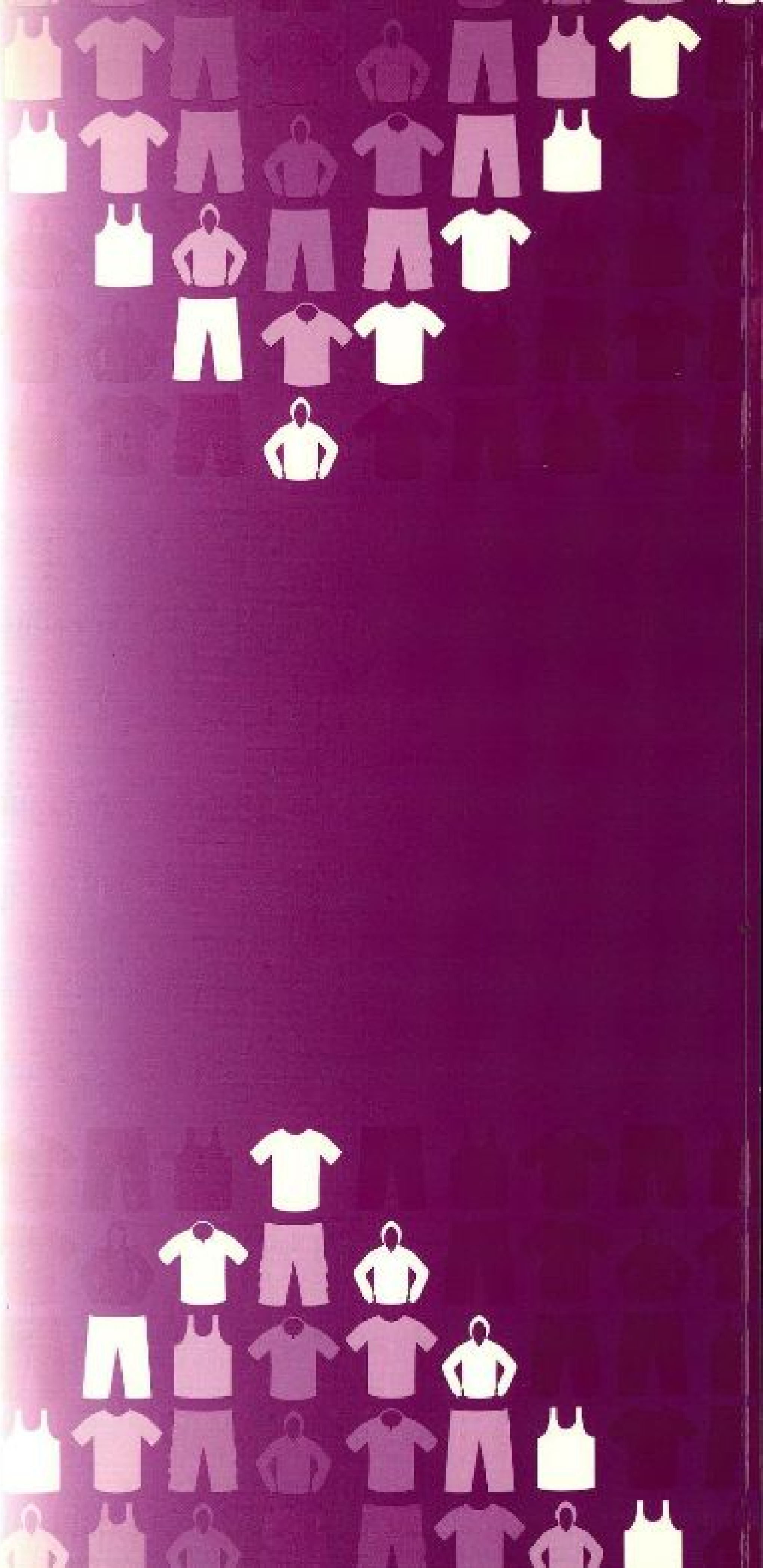
CAUTIONARY STATEMENT

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.



ghim li
Group of Companies

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