

GLG Corp Ltd

ACN 116 632 958

Financial report for the half-year ended 31 December 2020

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Directors' report

The Directors of GLG Corp Ltd ("GLG") submit herewith the financial report of GLG Corp Ltd and its subsidiaries for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Estina Ang Suan Hong	Executive Chairman and Chief Executive Officer
Peter Tan	Lead Independent Director
Grant Hummel	Independent Director
Felicia Gan Peiling	Deputy Chief Executive Officer

Review of operations

Review of operations

GLG's revenue increased by 32.3% from US\$75.2m to US\$99.5m this financial period ended 31 December 2020 ("1HFY2021"). This is mainly due to diversification of its business into manufacturing of fabric masks and direct land duties paid businesses.

The gross margin also improved from 15.2% to 19.6% in 1HFY2021 due to better product mix.

Selling and distribution costs increased by 48.6% from US\$3.3m in the previous financial period ended 31 December 2019 ("1HFY2020") to US\$4.9m in 1HFY2021. This was mainly due to duty and freight cost incurred on reinstatement of sales from postponed Land-Duty Paid customers' orders and customs duties incurred by the subsidiaries.

Administration expenses decreased by 9.3% to US\$5.6m as compared to US\$6.2m in the previous corresponding period 1HFY2020. The decrease in costs was achieved through cost reduction strategies and streamlining of manpower.

Finance costs decreased by 48.4% from US\$1.9m to US\$1.0m in 1HFY2021 compared with the previous corresponding financial period. The decrease was mainly due to lower interest rate and better cash management on invoice financing.

Other expenses increased by US\$6.2m from US\$0.6m to US\$6.8m in the 1HFY2021 compared with the previous corresponding financial period, mainly attributed to the debts written off on outsource manufacturers, write-off of old machineries and goodwill impairment .

Net profit after tax for GLG for the half year ended 31 December 2020 was US\$1.3m, which represented an increase of US\$0.9m compared to the previous financial period. Overall, the increase was mainly due to higher revenue generated and better cost control.

Directors' report (cont'd)

Balance Sheet position

Trade and other receivables decreased by 20.5% from US\$47.1m as at 30 June 2020 to US\$37.4m as at 31 December 2020 mainly attributed to the prompt settlement of payment from customers and partial write-off debts due from outsourced manufacturer.

Inventory decreased by about 12.4% to US\$23.1m as at 31 December 2020 compared to US\$26.4m as at 30 June 2020, mainly due to provision of obsolete stock amounted to US\$4.9m.

The right-of-use assets decreased by 6.9% from US\$14.7m as at 30 June 2020 to US\$13.7m as at 31 December 2020 mainly due to the amortised value of leases recognised as non-current assets in the Group's statement of financial position as at 31 December 2020.

The intangible assets decreased by 17.9% from US\$6.4m as at 30 June 2020 to US\$5.3m as at 31 December 2020 mainly due to the goodwill impairment of US\$0.8m of a subsidiary.

Trade and others payables decreased by 32.8% from US\$25.5m as at 30 June 2020 to US\$17.1m as at 31 December 2020. This was mainly due to the of settlement of the outstanding amount for the purchase consideration payable for the acquisition of Maxim entities to Ghim Li Group Pte Ltd.

Current and non-current borrowings increased by 9.1% from US\$45.4m as at 30 June 2020 to US\$49.5m as at 31 December 2020, as a result of increase in trust receipts to meet the increase orders from buyers.

Cash Flow

Overall, the net cash flow generated from operating activities in 1HFY2021 was US\$25.3m, this was mainly due to higher revenue and prompt settlement from customers.

In 1HFY2021, net cash flows used in investing activities amounted to US\$2.3m was mainly due to investing new machineries in fabric factory to increase the productivity and order requirements.

Net cash used in financial activities in 1HFY2021 amounted to US\$10.1m, was mainly attributed to the repayment to Ghim Li Group Pte Ltd for the Maxim's acquisition amounted to US\$13.3m and net off against the proceeds from banks' borrowings amounted to US\$4.1m.

As a result of the above, there was a net increase of US\$12.9m in cash and cash equivalents for 1HFY2021, from a net cash surplus of US\$7.6m as at 30 June 2020 to a net cash surplus of US\$20.5m as at 31 December 2020.

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

Dividends

The Board has declared an ordinary dividend for the financial year ending 31 December 2020 of US1.0 cents per share (fully unfranked). The dividend is to be paid out of the profit reserve. GLG earned its income outside of Australia and therefore has no franking credits because its income is considered conduit foreign income. The declaration date is 25 February 2021. The record date for determining entitlements to the dividend is 26 March 2021 and the payment date is 15 April 2021. The financial effect of these dividends has not been brought to account in the financial statements for the half-year ended 31 December 2020 and will be recognised in the subsequent financial period.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year report.

Significant changes in the state of affairs

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

Rounding off of amounts

The consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars, unless otherwise indicated. Amounts have been rounded off in the directors' report and financial statements in accordance with that Legislative Instrument.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the *Companies Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Estina Ang Suan Hong', written in a cursive style.

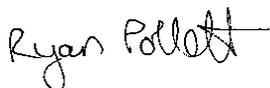
Estina Ang Suan Hong
Executive Chairman and CEO
Singapore
25th February 2021

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF GLG CORP LIMITED

As lead auditor for the review of GLG Corp Ltd for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



Ryan Pollett
Director

BDO Audit Pty Ltd

Sydney, 25 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GLG Corp Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of GLG Corp Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO


Ryan Pollett
Director

Sydney, 25 February 2021

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Estina Ang Suan Hong', written in a cursive style.

Estina Ang Suan Hong
Executive Chairman and CEO
Singapore
25th February 2021

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020

	<u>Note</u>	Consolidated	
		Half-year ended	
		31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Continuing Operations			
Revenue	2	99,450	75,159
Cost of sales		(79,913)	(63,722)
Gross profit		19,537	11,437
Other income		1,131	900
Selling and distribution expenses		(4,852)	(3,265)
Administration expenses		(5,636)	(6,211)
Finance costs		(981)	(1,903)
Other expenses	3	(6,755)	(597)
Profit before income tax expense		2,444	361
Income tax (expense)/ benefit		(1,132)	13
Profit for the period		1,312	374
Other comprehensive income:		-	-
Total comprehensive income for the period		1,312	374
Earnings per share:			
From continuing operations:			
Basic (cents per share)		1.77	0.50
Diluted (cents per share)		1.77	0.50

Notes to the financial statements are included on pages 14 to 23

Consolidated statement of financial position as at 31 December 2020

	<u>Note</u>	Consolidated	
		31 Dec 2020 US\$'000	30 Jun 2020 US\$'000
Current assets			
Cash and cash equivalents		20,498	7,614
Trade and other receivables	4	37,396	47,098
Inventory		23,086	26,352
Other assets		1,582	1,855
Total current assets		82,562	82,919
Non-current assets			
Other financial assets		6,871	6,871
Property, plant and equipment	8	32,358	33,123
Right-of-use assets		13,668	14,694
Intangible assets	9	5,264	6,409
Total non-current assets		58,161	61,097
Total assets		140,723	144,016
Current liabilities			
Trade and other payables	10	17,132	25,508
Borrowings	5	43,567	42,148
Lease liabilities		1,945	1,875
Current tax liabilities		1,938	1,369
Total current liabilities		64,582	70,900
Non-current liabilities			
Borrowings	5	5,949	3,230
Lease liabilities		12,539	13,520
Deferred tax liabilities		2,722	2,747
Total non-current liabilities		21,210	19,497
Total liabilities		85,792	90,397
Net assets		54,931	53,619
Equity			
Issued capital		10,322	10,322
Retained earnings		55,943	54,631
Merger reserve		(14,812)	(14,812)
Revaluation reserve		3,478	3,478
Total equity		54,931	53,619

Notes to the financial statements are included on pages 14 to 23

Consolidated statement of changes in equity for the half-year ended 31 December 2020

	Issued Capital	Asset Revaluation Reserve	Merger Reserve	Retained Profits	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Consolidated					
Balance at 1 July 2019	10,322	4,916	(14,812)	50,835	51,261
Profit after income tax expense	-	-	-	374	374
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half- year	-	-	-	374	374
Balance at 31 December 2019	10,322	4,916	(14,812)	51,209	51,635
Balance at 1 July 2020	10,322	3,478	(14,812)	54,631	53,619
Profit after income tax expense	-	-	-	1,312	1,312
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half- year	-	-	-	1,312	1,312
Balance at 31 December 2020	10,322	3,478	(14,812)	55,943	54,931

Notes to the financial statements are included on pages 14 to 23

Consolidated statement of cash flows for the half-year ended 31 December 2020

	Consolidated	
	Half-year ended	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Cash flows from operating activities		
Receipts from customers	101,047	79,863
Payments to suppliers and employees	(81,057)	(81,028)
Proceeds from outsourced manufacturing suppliers	6,670	3,523
Interest and other costs of finance paid	(498)	(1,318)
Interest paid to lease liabilities	(321)	(357)
Interest received	18	1
Income tax paid	(588)	(360)
Net cash provided by operating activities	25,271	324
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,352)	(357)
Proceeds from sale of property, plant and equipment	21	10,682
Proceeds from sale of software	-	21
Purchase of software	-	(3)
Net cash (used in)/provided by investing activities	(2,331)	10,343
Cash flows from financing activities		
Proceeds from / (Repayments to) borrowings	4,137	(9,228)
Repayments of lease liability	(936)	(776)
Repayments to key management personnel	-	(312)
Repayments to Ghim Li Group	(13,257)	(96)
Net cash used in financing activities	(10,056)	(10,412)
Net increase in cash and cash equivalents	12,884	255
Cash and cash equivalents at the beginning of the financial period	7,614	5,304
Cash and cash equivalents at the end of the financial period	20,498	5,559

Notes to the financial statements are included on pages 14 to 23

Notes to the consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars, unless otherwise noted.

The consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars, unless otherwise indicated. Amounts have been rounded off in the directors' report and financial statements in accordance with that Legislative Instrument.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2020 annual financial report for the financial year ended 30 June 2020, except for the impact of the new and revised Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

1. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

Fair value hierarchy

The following details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3 – refer to Note 8 for further details
- Contingent consideration - Level 3 – refer to Note 10 for further details

There were no transfers between levels during the period.

Valuations of land and buildings and investment properties

Freehold and leasehold land and building, along with investment properties have been valued based on similar assets, location and market conditions at fair value on an annual basis.

New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

Any new, revised or amending accounting standards or interpretations that are not yet mandatory have not been early adopted.

2. Segment information

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: fabric and garments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

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

Types of products and services

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

Fabric manufacturing	the manufacture and wholesaling of fabric
Garment	the manufacturing and wholesaling of garments

Intersegment transactions

Intersegment transactions were made at market rates. The garment retailing operating segment purchases fabric from the fabric manufacturing operating segment. Intersegment transactions are eliminated on consolidation.

Operating segment information

Consolidated – 31 December 2020	Fabric manufacturing US\$'000	Garment US\$'000	Intersegment eliminations US\$'000	Total US\$'000
Revenue				
Sales to external customers	332	99,118	-	99,450
Intersegment sales	33,945	-	(33,945)	-
Total revenue	<u>34,277</u>	<u>99,118</u>	<u>(33,945)</u>	<u>99,450</u>
Interest received	-	18	-	18
Depreciation and amortisation	1,179	1,814	-	2,993
Provision for stock obsolescence	-	4,934	-	4,934
Impairment loss on receivables	75	5,050	(1,550)	3,575
Impairment on goodwill	-	841	-	841
EBIT	<u>1,647</u>	<u>2,607</u>	<u>(828)</u>	<u>3,425</u>
Finance costs				981
Profit before income tax expense				<u>2,444</u>
Income tax expense				1,132
Profit after income tax expense				<u>1,312</u>

2. Segment information (cont'd)

Operating segment information

Consolidated – 31 December 2019	Fabric manufacturing US\$'000	Garment US\$'000	Intersegment eliminations US\$'000	Total US\$'000
Revenue				
Sales to external customers	626	74,533	-	75,159
Intersegment sales	23,432	-	(23,432)	-
Total revenue	24,058	74,533	(23,432)	75,159
Interest received	1	-	-	1
Depreciation	1,028	1,744	-	2,772
EBIT	1,673	3,549	(2,958)	2,264
Finance costs				1,903
Profit before income tax expense				361
Income tax benefit				13
Profit after income tax expense				374

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

	Fabric	
	31 December 2020 US\$'000	31 December 2019 US\$'000
	Cambodia	-
India	237	106
Malaysia	60	74
Myanmar	-	350
Singapore	35	-
	332	626
	Garments	
	31 December 2020 US\$'000	31 December 2019 US\$'000
	Cambodia	-
Canada	13,614	6,982
China	-	-
Europe	403	8
Hong Kong	288	711
Indonesia	18	5
Japan	22	26
Malaysia	18	12
Philippines	-	3
Singapore	21,060	153
Taiwan	84	-
Thailand	-	2
USA	63,611	66,106
Vietnam	-	138
	99,118	74,533

2. Segment information (cont'd)

Disaggregation of revenue

Revenue is disaggregated by the country in which the customer is located as this depicts how the nature, amount, and timing and uncertainty of our revenue and cash flows are affected by economic factors.

3. Other expenses

	31 December 2020	31 December 2019
	US\$'000	US\$'000
Bad and doubtful debts	75	-
Bad debts from outsourced manufacturer	3,500	-
Impairment of goodwill	841	-
Loss on disposal of fixed assets	1,458	-
Other	881	597
	6,755	597

4. Trade and other receivables

Trade receivables are net trade receivables. The reconciliation between gross and net receivables is set out below:

As at	31 December 2020	30 June 2020
	US\$'000	US\$'000
Trade receivables		
Trade customers	15,714	22,235
GLIT Holdings	5,135	6,406
Outsourced manufacturing suppliers	14,683	18,407
Ghim Li Group	11,215	-
Allowance for expected credit losses	-	(43)
Trade receivables	46,747	47,005
Other receivables		
Other receivables	1,508	1,564
Other receivables	1,508	1,564
Less:		
Payable to outsourced manufacturing suppliers	(455)	(450)
Payable to GLIT Holdings	(6,193)	(1,021)
Payable to Ghim Li Group	(4,651)	-
	36,956	47,098
Goods and services tax recoverable	440	-
Total Trade and other receivables	37,396	47,098

5. Borrowings

As at	31 December 2020	30 June 2020
	US\$'000	US\$'000
Current		
Trust receipts (Gross) (i)	40,811	35,641
Bills payable (Gross)	1	145
Finance lease liabilities	52	39
Bank Loan	1,376	4,938
Term Loan	1,327	1,385
Total current borrowings	43,567	42,148
Non-current		
Finance lease liabilities	115	93
Bank Loan	3,657	350
Term Loan	2,177	2,787
Total non-current borrowings	5,949	3,230
Disclosed in the financial statements as:		
Current borrowings	43,567	42,148
Non-current borrowings	5,949	3,230
Total borrowings	49,516	45,378

- (i) Secured by a negative pledge over all assets of Ghim Li Global Pte Ltd, some of which are also secured by a corporate guarantee from Ghim Li Group Pte Ltd.

Banking relationship: GLG uses bank facilities to support the working capital requirement of its operations. Presently, the bank facilities provided to GLG are uncommitted short term trade financing facilities which are renewable annually by the banks and long term financing facilities.

At 31 December 2020, GLG Corp Ltd had short term financing facilities available of US\$111.7m, long-term financing facilities available of US\$5.5m and foreign exchange available of US\$19.0m. (Short term: US\$50.7m was used and US\$61.0m was unused. Long-term: US\$3.5m was used and US\$2.0m was unused. Foreign exchange of US\$19.0m was unused). Compared with US\$129.1m of short term financing facilities, long-term financing facilities of US\$5.7m and forward contract available of US\$12.1m at 30 June 2020 (Short term: US\$44.1m was used and US\$85.0m was unused. Long-term: US\$4.2m was used and US\$1.5m was unused. Foreign exchange of US\$12.1m was unused). GLG believe that it will continue to have the strong support from main bankers for its working capital and capital expenditure requirements.

The facilities used are inclusive of the contingent liabilities as disclosed in Note 6.

6. Contingent Liabilities

	31 December 2020	30 June 2020
	US\$'000	US\$'000
Guarantees arising from letters of credit in force (i)	3,581	2,066
Total	3,581	2,066

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

7. Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the consolidated entity in future financial year.

8. Non-current assets – property, plant and machinery

Assets measured at fair value include:

- Freehold and leasehold land and buildings - Level 3

Freehold and leasehold land and buildings of the Company were revalued on 30 June 2020 by One Asia Property Consultants (KL) Sdn. Bhd, an external, independent and registered valuer. The comparison method was adopted in arriving at the market value of the freehold and leasehold land and buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique as compared with previous financial year and revaluations are done on an annual basis.

Freehold and leasehold land and buildings at valuation are categorised as Level 3 fair value, which has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input to this valuation approach is price per square foot of comparable properties.

Description	Valuation Approach	Unobservable inputs	Range of inputs	Weighted average	Relationship of unobservable inputs to fair value
Leasehold Property	Sales comparison	Price per square foot	RM27-56 per square foot for land RM30-100 per square foot for building RM = Malaysian Ringgit currency	RM28 per square foot for land RM75 per square foot for building	The higher the price per square foot the higher the fair value
Freehold property	Sales comparison	Price per square foot	RM37 to 61 per square foot for land RM40 to 100 per square foot for building RM = Malaysian Ringgit currency	RM50 per square foot for land RM73 per square foot for building	The higher the price per square foot, the higher the fair value

8. Non-current assets – property, plant and machinery (cont'd)

Cost	At Valuation			At Cost				Total
	Freehold land and buildings	Leasehold land and buildings	Sub-total	Plant and machinery	Renovation	Other assets	Motor vehicles	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2020	5,326	9,343	14,669	26,728	4,234	3,800	702	50,133
Additions	-	-	-	2,266	30	27	29	2,352
Disposal	-	-	-	(1,778)	-	-	(8)	(1,786)
Cost as at 31 December 2020	5,326	9,343	14,669	27,216	4,264	3,827	723	50,699
Accumulated depreciation								
Balance as at 1 July 2020	-	-	-	10,218	3,297	2,978	517	17,010
Depreciation expenses	-	-	-	1,306	164	129	38	1,637
Disposal	-	-	-	(298)	-	-	(8)	(306)
Accumulated depreciation as at 31 December 2020	-	-	-	11,226	3,461	3,107	547	18,341
Net book value								
As at 30 June 2020	5,326	9,343	14,669	16,510	937	822	185	33,123
As at 31 December 2020	5,326	9,343	14,669	15,990	803	720	176	32,358

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

9. Intangible Assets

Cost	Consolidated				Total
	Software	Goodwill	Trademark & customers network	Others	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2020	2,153	1,841	2,518	407	6,919
Additions	-	-	-	-	-
Impairment	-	841	-	-	841
Balance as at 31 December 2020	2,153	1,000	2,518	407	6,078
Accumulated Amortisation					
Balance as at 1 July 2020	122	-	252	136	510
Amortisation	110	-	126	68	304
Balance as at 31 December 2020	232	-	378	204	814
Net book value					
As at 30 June 2020	2,031	1,841	2,266	271	6,409
As at 31 December 2020	1,921	1,000	2,140	203	5,264

Software

Computer software is stated as intangible assets in the statement of financial position and amortised on the straight-line method over 3 -10 years.

Goodwill – recognition and measurement

All business combinations are accounted for by applying the acquisition method. Goodwill represent the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired and has an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assessed as part of the Ghim Li Fashion (M) Sdn Bhd CGU. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Trademark and customers network

Trademark and customers network are stated as intangible assets in the statement of financial position and amortised on the straight-line method over 10 years.

10. Trade and other payable

As at	31 December 2020	30 June 2020
	US\$'000	US\$'000
Trade payables (i)	9,867	8,153
Other payables	3,593	3,645
Ghim Li Group (ii)	-	17,908
Accruals	3,672	3,282
	17,132	32,988
Less:		
Receivables from Ghim Li Group (ii)	-	(7,480)
Total Trade and other payables	17,132	25,508

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

(ii) The 30 June 2020 payable due to Ghim Li Group (majority shareholder of GLG) represents the outstanding amount of contingent consideration of US\$13.3m owed by GLG for the purchase consideration payable for the acquisition of Maxim entities in December 2016, along with additional loan from Ghim Li Group to GLG of US\$4.6m and receivables of US\$7.5m from Maxim SG to Ghim Li Group. This balance was fully settled during the period ended 31 December 2020.

11. Related party transactions

Transactions with other related parties

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

	Transaction with Ghim Li Group Pte Ltd (majority shareholder)	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Rental	728	728
Utilities	23	25
	751	753

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date. Amounts payable to these related parties are disclosed in note 9 to the financial statements.