GLG Corp Ltd

ACN 116 632 958

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2022

1. Highlight of Results

2. Appendix 4E Financial Statements for the Year ended 30 June 2022

1. Results for announcement to market

Summary financial information for the consolidated entity for the 2021/22 financial year is set out below. Full financial details are attached to this announcement.

		Consolidated		
Summary Information	**30 –JUN-22 USD$'000**	**30 –JUN-21 USD$'000**	**Inc/(Dec) USD$'000**	**Inc/(Dec) %**
Revenue from Ordinary Activities	199,609	183,804	15,805	8.60
Profit after Tax from Ordinary Activities	5,184	2,261	2,923	129.28
Net Profit after Tax Attributable to Members	5,184	2,261	2,923	129.28
Basic Earnings – US Cents Per Share	7.00	3.05	3.95	129.51
Diluted Earnings – US Cents Per Share	7.00	3.05	3.95	129.51
Net Tangible Assets – US Cents Per Share	60.23	50.87	9.36	18.40

Dividends

Despite of a better performance in FY2022 compared to previous financial year, the Board has considered a lower dividend amount as the Group foresee tougher trading conditions in FY2023 and the need to preserve working capital requirement.

Dividends (Distributions)	**As per security – US Cents**	**Unfranked amount per security-US cents**	**Record date**	**Payment date**
Interim ordinary unfranked dividend	-	-	-	-
Proposed Final ordinary unfranked Dividend	1.50	1.50	29 December 2022	16 January 2023
Total unfranked dividend	1.50	1.50		

The financial effect of the final ordinary unfranked dividends has not been brought to account in the financial statements for the year ended 30 June 2022 and will be recognised in the subsequent financial period.

Dividend was declared and paid for the year ended 30 June 2021 per table below.

Dividends (Distributions)	**As per security – US Cents**	**Unfranked amount per security-US cents**	**Record date**	**Payment date**
Interim ordinary unfranked dividend	1.00	1.00	26 March 2021	15 April 2021
Proposed Final ordinary unfranked Dividend	1.00	1.00	20 September 2021	18 October 2021
Total unfranked dividend	2.00	2.00		

Summary commentary on results

Directors Comments:

GLG Corp Ltd ("GLG" or the "Company") accounts are in the process of being audited by BDO Audit Pty Ltd.

The Directors note that whilst they do not expect the final audited results to differ materially from those included in this Preliminary Financial Report, as at the date of this report, the audit process has not been finalised.

Comparison of Consolidated Statement of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2022 with that of 30 June 2021.

GLG's sales increased by US$15.8m or 8.6% from US$183.8m in the previous year to US$199.6m in this financial year. This was mainly due to larger orders from existing and new garment customers due to pent up consumer demand, USA stimulus, sales growth in athleisure and sleepwear during the pandemic. In addition, there was an insurance compensation in previous year which is not a recurring transaction in this financial year.

The gross margin strengthened from 18.0% in the previous year to 20.7% in this financial year, mainly due to improved product mix and growth of higher margin programs.

Selling and distribution costs increased by 103.0% from US$9.1m in the previous year to US$18.4m in this financial year. This was mainly due to duty and freight cost incurred on Land-Duty Paid customers' orders and global freight rates spiked over the period as a flow on impact from COVID affecting global supply chains.

Administrative expenses slightly decreased by 0.6% from US$11.7m in the previous year to US$11.6m in this financial year. The decrease in costs was achieved through streamlining of manpower.

Finance costs slightly decreased by 7.3% from US$1.8m in the previous year to US$1.7m in this financial year. The decrease was mainly due to lower interest rate and better cash management on invoice financing.

Other expenses decreased by 68.4% from US$9.7m in the previous year to US$3.1m this financial year. The decrease was due primarily to the write off of assets and receivable from an outsourced manufacturer of US$1.4m and US$6.0m, respectively in the prior year and these expenses were partially offset by a commitment fee of US$1.3m paid to outsourced manufacturers this financial year. In addition, there was an impairment of goodwill of US$840K in the prior year and US$1.0m this financial year due to the unexpected fluctuation of revenue and changes in the current economic condition affecting the relevant entity.

As a result of the above factors and also when taking into account the lower effective tax rate in the current year, this resulted in a net profit after tax for GLG of US$5.2m, which represented an increase of US$2.9m when compared to the financial year ended 30 June 2021 of US$2.3m.

Summary commentary on results (cont'd)

Comparison of the Consolidated Statement of Financial Position as at 30 June 2022 with that of 30 June 2021.

Trade and other receivables increased by 22.7% from US$33.9m as at 30 June 2021 to US$41.7m as at 30 June 2022. The increase was primarily due to higher revenue generated in the last 2 months of the financial year as compared to the same period of the previous year.

Inventory increased by 10.2% from US$34.3m as at 30 June 2021 to US$37.8m as at 30 June 2022. This was mainly attributed to an increase in the inventory of raw materials in the factories arising from yarn price increase and the need to purchase yarn and fabric in advance to meet the deliveries of customers' orders amidst yarn price increases, port congestion and sporadic country lockdowns affecting supply chain.

The right-of-use assets decreased by 13.2% from US$12.7m as at 30 June 2021 to US$11.1m as at 30 June 2022 mainly due to the amortised value of leases recognised as non-current assets in the Group's statement of financial position as at 30 June 2022.

The intangible assets decreased by 32.3% from US$5.0m as at 30 June 2021 to US$3.4m as at 30 June 2022 mainly due to the goodwill impairment of US$1.0m as a result of projected decrease of revenue and changes in current economic condition affecting the relevant subsidiary.

Current and non-current borrowings decreased by 17.9% from US$54.3m as at 30 June 2021 to US$50m as at 30 June 2022 mainly due to the decrease in trust receipts and bank loans.

Summary commentary on results (cont'd)

Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2022 with that of 30 June 2021.

The cash flow from operating activities decreased from net cash provided of $20.1m in respect of the 30 June 2021 to a net cash flow used of $1.1m in respect of the 30 June 2022 financial year. This movement was mainly due to the settlement of outstanding balances to suppliers and advance purchases given to outsourced manufacturing suppliers to meet the higher revenue demands and advance purchases of raw materials for future production given pressures placed on global supply chains from COVID. In addition, the receipts from customers remained consistent to previous year despite of the increase in revenue due to the increase in trade receivable this financial year.

Net cash flows used in investing activities amounted to US$1.3m was mainly due to investment in new machineries in the fabric factory to increase the productivity and order requirements.

Net cash used in financial activities increased by US$4.1m from US$1.9m in previous year to US$6.0m this financial year. The increase was mainly attributed to the net repayments of trust receipts and bank loans amounted to US$4.3m and repayment of lease liability amounted to US$2.1m netted off by the proceeds from borrowings from a related party amounted to US$1.1m during the financial year.

As a result of the above, there was a net decrease of US$8.4m in cash and cash equivalents for financial year ended 30 June 2022, from a net cash surplus of US$22.3m as at 30 June 2021 to a net cash surplus of US$13.9m as at 30 June 2022.

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

Consolidated Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2022

	Note	Consolidated 2022 US$'000	2021 US$'000
Revenue	5	199,609	183,804
Cost of sales		(158,322)	(150,712)
Gross profit		**41,287**	**33,092**
Other income	5	389	3,151
Distribution expenses		(18,437)	(9,083)
Administration expenses		(11,640)	(11,715)
Finance costs		(1,680)	(1,813)
Other expenses	4	(3,076)	(9,742)
Profit before income tax expense		**6,843**	**3,890**
Income tax expense		(1,659)	(1,629)
Profit for the year		**5,184**	**2,261**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation (deficit)/surplus, on land and building, net of tax		(798)	267
Other comprehensive income, net of tax		**(798)**	**267**
Total comprehensive income for the year		**4,386**	**2,528**
Earnings per share:			
Basic (cents per share)	12	7.00	3.05
Diluted (cents per share)	12	7.00	3.05

Notes to the financial statements are included on pages 11 to 31

Consolidated Statement of financial position as at 30 June 2022

	Note	Consolidated 2022 US$'000	2021 US$'000
Current assets			
Cash and cash equivalents		13,893	22,280
Trade and other receivables	6	39,677	33,966
Inventory	18	37,825	34,338
Other assets		959	1,671
Total current assets		**92,354**	**92,255**
Non-current assets			
Other financial assets	8	8,871	8,871
Trade and other receivables	6	2,000	-
Intangible assets	17	3,361	4,963
Right-of-use assets	7	11,062	12,746
Property, plant and equipment	14	29,396	32,296
Total non-current assets		**54,690**	**58,876**
Total assets		**147,044**	**151,131**
Current liabilities			
Trade and other payables	9	22,642	24,070
Borrowings	10	46,520	49,621
Lease liability	7	2,128	1,981
Current tax liabilities		481	635
Total current liabilities		**71,771**	**76,307**
Non-current liabilities			
Borrowings	10	3,465	4,646
Lease liability	7	10,001	11,683
Deferred tax liabilities		2,756	3,089
Total non-current liabilities		**16,222**	**19,418**
Total liabilities		**87,993**	**95,725**
Net assets		**59,051**	**55,406**
Equity			
Issued capital	11	10,322	10,322
Revaluation reserves		2,947	3,745
Merger reserves		(14,812)	(14,812)
Retained earnings		60,594	56,151
Total equity		**59,051**	**55,406**

Notes to the financial statements are included on pages 11 to 31

Consolidated Statement of changes in equity for the financial year ended 30 June 2022

	Issued Capital	Asset Revaluation Reserve	Merger Reserve	Retained Earnings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Consolidated					
Balance at 1 July 2020	10,322	3,478	(14,812)	54,631	53,619
Dividend declared	-	-	-	(741)	(741)
Profit after income tax expense	-	-	-	2,261	2,261
Other comprehensive income for the year, net of tax	-	267	-	-	267
Total comprehensive income	**-**	**267**	**-**	**2,261**	**2,528**
Balance at 30 June 2021	**10,322**	**3,745**	**(14,812)**	**56,151**	**55,406**
Balance at 1 July 2021	**10,322**	**3,745**	**(14,812)**	**56,151**	**55,406**
Dividend declared	-	-	-	(741)	(741)
Profit after income tax expense	-	-	-	5,184	5,184
Other comprehensive income for the year, net of tax	-	(798)	-	-	(798)
Total comprehensive income	**-**	**(798)**	**-**	**5,184**	**4,386**
Balance at 30 June 2022	**10,322**	**2,947**	**(14,812)**	**60,594**	**59,051**

Notes to the financial statements are included on pages 11 to 31

Consolidated Statement of cash flows for the financial year ended 30 June 2022

	Note	Consolidated 2022 US$'000	Consolidated 2021 US$'000
Cash flows from operating activities			
Receipts from customers		191,429	191,737
Receipts from insurance compensation		-	2,517
Payments to suppliers and employees		(190,040)	(167,195)
Net payments to outsourced manufacturing suppliers		837	(3,395)
Interest income		12	20
Interest and other costs of finance paid		(740)	(885)
Interest paid on lease liabilities		(558)	(624)
Income tax paid		(1,998)	(2,106)
Net cash (used in)/ provided by operating activities	16	**(1,058)**	**20,069**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,325)	(3,492)
Disposal of property, plant and equipment		19	21
Net cash used in investing activities		**(1,306)**	**(3,471)**
Cash flows from financing activities			
(Repayment of)/ net proceeds from borrowings		(4,283)	8,889
Repayments of lease liability		(2,135)	(1,908)
Net proceeds from/ (repayments) to Ghim Li Group		1,129	(8,177)
Dividend paid		(734)	(736)
Net cash used in financing activities		**(6,023)**	**(1,932)**
Net (decreased)/ increase in cash and cash equivalents		**(8,387)**	**14,666**
Cash and cash equivalents at the beginning of the financial year		22,280	7,614
Cash and cash equivalents at the end of the financial year		**13,893**	**22,280**

Notes to the financial statements are included on pages 11 to 31

Notes to the Appendix 4E

1. General information

GLG Corp Ltd (the Company) is a public company listed on the Australian Securities Exchange (ASX: 'GLE'), incorporated in Australia and operating in Asia.

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

Registered office	Principal place of business
Suite 4201, Level 42 Australia Square	21 Jalan Mesin,
264-278 George Street	Singapore 368819
Sydney, NWS 2000	
Australia	

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

2. Significant accounting policies

Statement of compliance

The preliminary financial report has been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Standards Board for the measurement and recognition criteria. The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcement made by the consolidated entity during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. Unless otherwise detailed in this note, accounting policies have been consistency applied by the entities in the group and are consistent with those applied in the 30 June 2021 annual report.

Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the preliminary financial report are consistent with those adopted and disclosed in the company's 2021 annual financial report for the financial year ended 30 June 2021, except for the impact of the new and revised Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative figures

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

2. Significant accounting policies (cont'd)

Fair value measurement

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

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

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

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

Fair value hierarchy
The following details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3 – refer to Note 14 for further details
- Contingent consideration - Level 3

There were no transfers between levels during the period.

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

2. Significant accounting policies (cont'd)

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognized directly in the statement of profit or loss and other comprehensive income.

New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current financial year ended 30 June 2022.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Segment information

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

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

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

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

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

3. Segment information (cont'd)

Consolidated – 30 June 2022	Fabric Manufacturing US$'000	Garment US$'000	Intersegment eliminations US$'000	Total US$'000
Revenue				
Sales to external customers	311	199,298	-	199,609
Intersegment sales	66,510	-	(66,510)	-
Total revenue	66,821	199,298	(66,510)	199,609
Interest revenue	9	3	-	12
Depreciation	(2,262)	(947)	-	(3,209)
Amortisation	(199)	(2,908)	(220)	(3,327)
Impairment on goodwill	-	(1,000)	-	(1,000)
Unrealised profit	(136)	(605)		(741)
EBIT	**2,670**	**5,853**	**-**	**8,523**
Finance costs				(1,680)
Profit before income tax expense				6,843
Income tax expense				(1,659)
Profit after income tax expenses				**5,184**

	Fabric Manufacturing US$'000	Garment US$'000	Corporates US$'000	Intersegment eliminations US$'000	Total US$'000
Assets	45,480	155,905	107,104	(161,445)	147,044
Liabilities	(22,929)	(99,765)	(17,672)	52,373	(87,993)

3. Segment information (cont'd)

Consolidated – 30 June 2021	Fabric Manufacturing US$'000	Garment US$'000	Intersegment eliminations US$'000	Total US$'000
Revenue				
Sales to external customers	611	183,193	-	183,804
Intersegment sales	69,762	-	(69,762)	-
Total revenue	70,373	183,193	(69,762)	183,804
Interest revenue	1	19	-	20
Depreciation	(2,151)	(1,040)	-	(3,191)
Amortisation	(231)	(2,500)		(2,731)
Stock written back	-	2,662	-	2,662
Impairment on goodwill	-	(841)	-	(841)
Impairment loss on receivables	43	(7,173)	1,004	(6,126)
Loss on written off property, plant and equipment	-	(1,459)	-	(1,459)
EBIT	**1,883**	**3,820**	-	**5,703**
Finance costs				(1,813)
Profit before income tax expense				3,890
Income tax expense				(1,629)
Profit after income tax expenses				**2,261**

	Fabric Manufacturing US$'000	Garment US$'000	Corporates US$'000	Intersegment eliminations US$'000	Total US$'000
Assets	42,351	168,212	99,641	(159,073)	151,131
Liabilities	(21,037)	(107,618)	(17,074)	50,004	(95,725)

3. Segment information (cont'd)

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

	Fabric	
	2022 US$'000	**2021 US$'000**
India	201	430
Korea	-	11
Malaysia	110	134
Singapore	-	36
	311	**611**

	Garments	
	2022 US$'000	**2021 US$'000**
Canada	35,026	29,129
Europe	1.897	1,022
Japan	144	55
Singapore	98	21,162
USA	160,897	131,051
Cambodia	476	96
Malaysia	583	81
Others	177	597
	199,298	**183,193**

4. Other expenses

	2022 US$'000	**2021 US$'000**
Commitment fee (i)	1,138	-
Legal and professional fee	244	16
Bad debts and doubtful accounts	46	120
Bad debts from outsourced manufacturer	53	5,974
Impairment of goodwill	1,000	841
Property, plant and machineries written-off	51	1,459
Other	544	1,332
	3,076	**9,742**

(i) The company committed 80% of total available capacity with outsourced manufacturers. If any shortfall in orders satisfaction, the outsourced manufacturers are entitled to claim a commitment fee from the Group.

5. Revenue

	Consolidated	
	2022 US$'000	2021 US$'000
Revenue from the sale of goods	199,609	183,804
Other income		
Sample income	50	25
Interest income	12	20
Insurance compensation	-	2,517
Recovery of bad debts receivable	96	74
Government grants	57	321
Other	174	194
Total other income	**389**	**3,151**
	199,998	**186,955**

6. Trade and other receivables

	Consolidated	
	2022 US$'000	2021 US$'000
Current		
Trade receivables		
Trade customers	21,250	13,330
GLIT Holdings (i)	1,029	5,056
Outsourced manufacturing suppliers	15,352	14,163
Provision for impairment	-	-
Trade receivables	**37,631**	**32,549**
Other receivables		
Other receivables	1,954	1,415
Goods and services tax recoverable	547	457
Other receivables	**2,501**	**1,872**
Less:		
Payable to outsourced manufacturing suppliers	(455)	(455)
	39,677	**33,966**
Non-current		
GLIT Holdings (i)	2,000	-
	2,000	**-**
Total trade and other receivables	**41,677**	**33,966**

The average credit period on sales of goods and rendering of services is 75 days. No interest is charged on the trade receivables outstanding balance.

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

6. Trade and other receivables(cont'd)

Before accepting any new customers, the Group uses an external scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed twice a year. 99.9% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

Included in the Group's trade receivable balance are debtors with a carrying amount of US$0.02m (2021: $0.05m) which are past due at the reporting date. There has been no significant change in credit quality and all amounts are considered recoverable. The Group does not hold any collateral over these balances.

	Consolidated	
	2022 US$'000	2021 US$'000
Ageing of Trade Receivables (trade customers) - past due but not impaired		
30 – 60days	-	36
60 – 90 days	-	2
90 – 120 days	-	-
More than 120 days	24	11
Total	24	49
Movement in the allowance for expected credit loss		
Balance at the beginning of the year	-	43
Charge / (credit) to profit or loss	-	(43)
Allowance written off during the year	-	-
Balance at the end of the year*	-	-

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Credit risk is concentrated with a few significant counterparties.

7. Leases

Consolidated		
	2022	2021
	US$'000	US$'000
Cost		
Balance as at 1 July	16,871	16,693
Additions	834	178
Disposal	(612)	-
Balance as at 30 June	**17,093**	**16,871**
Amortisation		
Balance as at 1 July	4,125	1,999
Amortisation	2,285	2,126
Disposal	(379)	-
Balance as at 30 June	**6,031**	**4,125**
Net book value	**11,062**	**12,746**

Consolidated		
	2022	2021
	US$'000	US$'000
Lease Liability		
Balance as at 1 July	13,664	15,395
Additions	817	173
Balance as at 30 June	**14,481**	**15,568**
Repayment		
Cash payments	(2,101)	(2,528)
Interest expense	558	624
Net payments	**1,543**	**1,904**
Disposal	**(251)**	**-**
Balance as at 30 June	**12,129**	**13,664**
Current lease liability	2,128	1,981
Non-current lease liability	10,001	11,683
Total lease liability	**12,129**	**13,664**

Lease	Location	Term	Interest rate
Head office	Singapore	10years + 5years option (01 Jan 2013 to 31 Dec 2027)	4.26%
Intrasource	Malaysia	3 years (01 Jan 2021 to 31 Dec 2022)	4.75%
Factory	Cambodia	5years + 5years option (01 Mar 2018 to 28 Feb 2028)	4.26%
Factory	Cambodia	5years + 5years option (01 Apr 2018 to 31 Mar 2028)	4.26%

7. Leases

Accounting policies in relation to AASB 16

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

8. Other financial assets

	Consolidated	
	2022 US$'000	**2021 US$'000**
<u>Non-current</u>		
Security deposit	7,000	7,000
Office rental deposit	1,871	1,871
	8,871	**8,871**
Disclosed in the financial statements as :		
Total Non-current other financial assets	**8,871**	**8,871**

9. Trade and other payables

	Consolidated	
	2022 US$'000	2021 US$'000
Trade payables (i)	11,458	13,983
Other payables	2,299	3,394
Ghim Li Group (ii)	3,380	2,251
Accruals – employee compensation	1,810	2,042
Accruals – late shipment claim (iii)	2,766	1,582
Accruals – audit fee	134	87
Accruals – trust receipts interest	158	109
Accruals – others	637	622
	22,642	**24,070**

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

(ii) The current payable due to Ghim Li Group Pte Ltd, ultimate parent entity from Ghim Li Global of US$3.4m (2021: US$2.3m).

(iii) Malaysia and Cambodia government took the necessary tight control due to Covid-19 pandemic and locked down the non-essential businesses. These restrictions had resulted in delayed shipments to buyers, also partly due to the port congestion and lack of containers had affected the supply chain, there are potential claims from those buyers for those late deliveries and an accrual has been recognised to reflect this contractual obligation.

10. Borrowings

	Consolidated 2022 US$'000	2021 US$'000
Secured – at amortised cost		
Current		
Trust receipts (Gross) (i)	44,551	47,710
Finance lease liabilities	52	47
Bank loan	899	620
Term loan	1,018	1,244
Total	**46,520**	**49,621**
Non-current		
Finance lease liabilities	34	91
Bank loan	2,116	3,099
Term loan	1,315	1,456
	3,465	**4,646**
Disclosed in the financial statements as:		
Current borrowings	46,520	49,621
Non-current borrowings	3,465	4,646
	49,985	**54,267**

Summary of borrowing arrangements:

(i) Negative pledge over all assets of Ghim Li Global Pte Ltd and Maxim Textile Technology Sdn Bhd. Refer to Terms & Conditions of Borrowing Balance for details.

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

At 30 June 2022 GLG Corp Ltd had short term financing facilities available of US$91.1m, long-term financing facilities available of US$2.7m and foreign exchange available of US$18.3m. (Short term: US$52.8m was used and US$38.3m was unused. Long-term: US$2.3m was used and US$0.4m was unused. Foreign exchange of US$18.3m was unused). Compared on 30 June 2021, with US$142.8m, long-term financing facilities available of US$6.1m and to foreign exchange available of US$18.6m. (Short term: US$60.4m was used and US$82.4m was unused. Long-term: US$2.7m was used and US$3.4m was unused. Foreign exchange of US$3.1m was used and US$15.5m was unused). GLG believe that it will continue to have the support from main bankers for its working capital and capital expenditure requirements.

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

	2022	2021
Bank loans	2.0% p.a.	2.9% p.a
Term loan	4.3%	4.3%
Bill payable	4.5%	1.3%
Trust receipts	2.5%	1.9%
Finance lease liabilities	4.8% p.a.	5.1% p.a.

11. Issued capital

	Consolidated 2022 US$'000	Consolidated 2021 US$'000
74,100,000 (2021: 74,100,000) fully paid ordinary shares	**10,322**	**10,322**

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

Vote Right
The voting rights attached to each class of equity security are as follows:

Ordinary shares:

- Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

	Consolidated		Consolidated	
	No. '000	2022 US$'000	No. '000	2021 US$'000
Fully paid ordinary shares				
Balance at beginning of financial year	74,100	10,322	74,100	10,322
Balance at end of financial year	**74,100**	**10,322**	**74,100**	**10,322**

12. Earnings per share

	Consolidated 2022 Cents per share	Consolidated 2021 Cents per share
Basic earnings per share:		
Total basic earnings per share	7.00	3.05
Diluted earnings per share:		
Total diluted earnings per share	7.00	3.05

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:

	2022 US$'000	2021 US$'000
Net profit	5,184	2,261
Earnings used in the calculation of basic EPS	5,184	2,261

	2022 No.'000	2021 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

12. Earnings per share (con't)

Diluted earnings per share

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

	Consolidated	
	2022 US$'000	2021 US$'000
Net profit	5,184	2,261
Earnings used in the calculation of diluted EPS	5,184	2,261

	Consolidated	
	2022 No.'000	2021 No.'000
Weighted average number of ordinary shares used in the calculation of diluted EPS	74,100	74,100

13. Contingent liabilities

	Consolidated	
	2022 US$'000	2021 US$'000
Contingent liabilities		
Guarantees arising from Letters of credit in force (i)	4,313	8,161
Total	**4,313**	**8,161**

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

14. Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are carried in the Statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assets are pledged as security – refer further to Note 10.

Land and buildings are initially recognized at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The lease period is for 60 years, ending 2050. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation

Building on freehold land	50 years
Leasehold properties	Over term of lease
Plant and machinery	10 years
Furniture, fittings and office equipment	3-10 years
Motor vehicles	5-10 years

Assets measured at fair value include:

Freehold and leasehold land and buildings - Level 3

Freehold and leasehold land and buildings of the Company were revalued on 30 June 2022 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	RM25 to 52 per square foot for land RM50 per square foot for building RM = Malaysian Ringgit currency	RM27.70 per square foot for land RM75 per square foot for building	The higher the price per square foot the higher the fair value

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

- Freehold and leasehold land and buildings - Level 3 (cont'd)

Description	Valuation Approach	Unobservable inputs	Range of inputs	Weighted average	Relationship of unobservable inputs to fair value
Freehold property	Sales comparison	Price per square foot	RM46 to 57.5 per square foot for land RM50 to 95 per square foot for building RM = Malaysian Ringgit currency	RM50.50 per square foot for land RM73 per square foot for building	The higher the price per square foot, the higher the fair value

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

Consolidated								
	At Valuation			At Cost				
	Freehold land and buildings	**Leasehold land and buildings**	**Sub-total**	**Plant and machinery**	**Renovation**	**Other assets**	**Motor vehicles**	**Total**
Cost	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 July 2020	**5,326**	**9,343**	**14,669**	**26,728**	**4,234**	**3,800**	**702**	**50,133**
Additions	-	-	-	3,290	113	63	26	3,492
Disposals	-	-	-	(1,778)	-	(1)	(8)	(1,787)
Revaluation surplus	-	352	352	-	-	-	-	352
Balance as at 30 June 2021	**5,326**	**9,695**	**15,021**	**28,240**	**4,347**	**3,862**	**720**	**52,190**
Additions	-	-	-	1,094	199	32	-	1,325
Disposals	-	-	-	(305)	-	(1,225)	-	(1,530)
Revaluation deficit	(331)	(614)	(945)	-	-	-	-	(945)
Balance as at 30 June 2022	**4,995**	**9,081**	**14,076**	**29,029**	**4,546**	**2,669**	**720**	**51,040**

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

Consolidated								
	At Valuation							
	Freehold land and buildings	**Leasehold land and buildings**	**Sub-total**	**Plant and machinery**	**Renovation**	**Other assets**	**Motor vehicles**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation								
Balance as at 1 July 2020	-	-	-	**10,218**	**3,297**	**2,978**	**517**	**17,010**
Depreciation expense	-	-	-	2,568	325	226	72	3,191
Depreciation on disposals	-	-	-	(298)	-	(1)	(8)	(307)
Balance as at 30 June 2021	-	-	-	**12,488**	**3,622**	**3,203**	**581**	**19,894**
Depreciation expense	-	-	-	2,627	325	194	63	3,209
Depreciation on disposals	-	-	-	(234)	-	(1,225)	-	(1,459)
Balance as at 30 June 2022	-	-	-	**14,881**	**3,947**	**2,172**	**644**	**21,644**
Net book value								
As at 30 June 2021	**5,326**	**9,695**	**15,021**	**15,752**	**725**	**659**	**139**	**32,296**
As at 30 June 2022	**4,995**	**9,081**	**14,076**	**14,148**	**599**	**497**	**76**	**29,396**

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

15. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Ghim Li Global Pte Ltd	Singapore	100	100
Ghim Li Global International Ltd	Hong Kong	100	100
Escala Fashion Pte. Ltd.	Singapore	100	100
Ghim Li International (S) Pte Ltd	Singapore	100	100
G&G International Pte Ltd	Singapore	100	100
AES (USA) Inc	USA	100	100
Maxim Textile Technology Sdn Bhd	Malaysia	100	100
Maxim Textile Technology Pte Ltd	Singapore	100	100
Ghim Li Fashion (M) Sdn Bhd	Malaysia	100	100
GG Fashion (Cambodia) Co., Ltd	Cambodia	100	100

16. Notes to the cash flow statement

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

	Consolidated 2022 US$'000	Consolidated 2021 US$'000
Profit for the year	5,184	2,261
Depreciation of property, plant and equipment	3,209	3,191
Amortisation of intangible assets	602	605
Amortisation of right on use assets	2,285	2,126
Bad and doubtful debts	100	6,126
Unrealised profit	741	-
(Written back) / Impairment on inventories	-	(2,662)
Impairment on goodwill	1,000	841
Loss on written off non-current assets	51	1,459
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	(4,228)	(5,325)
Trade and other receivables	(8,557)	8,402
Other assets	712	183
Outsource to manufacturing suppliers	837	(3,395)
Increase/(decrease) in liabilities:		
Trade and other payables	(2,654)	6,734
Current tax	(154)	(734)
Deferred tax	(186)	257
Net cash (used)/ provided by operating activities	**(1,058)**	**20,069**

17. Intangible Assets

Consolidated					
	Software	**Goodwill**	**Trademark & customers network**	**Others**	**Total**
Cost	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 July 2020	**2,153**	**1,841**	**2,518**	**407**	**6,919**
Additions	-	-	-	-	-
Balance as at 30 June 2021	**2,153**	**1,841**	**2,518**	**407**	**6,919**
Balance as at 30 June 2022	**2,153**	**1,841**	**2,518**	**407**	**6,919**
Accumulated Amortisation					
Balance as at 1 July 2020	**122**	-	**252**	**136**	**510**
Amortisation	217	-	252	136	605
Impairment	-	841	-	-	841
Balance as at 30 June 2021	**339**	**841**	**504**	**272**	**1,956**
Amortisation	215	-	252	135	602
Impairment	-	1,000	-	-	1,000
Balance as at 30 June 2022	**554**	**1,841**	**756**	**407**	**3,558**
Net book value					
As at 30 June 2021	**1,814**	**1,000**	**2,014**	**135**	**4,963**
As at 30 June 2022	**1,599**	-	**1,762**	-	**3,361**

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

Goodwill – recognition and measurement
All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired and has an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assessed as part of the Ghim Li Fashion (M) Sdn Bhd CGU as the goodwill originated from this acquisition in FY17. Goodwill is not amortized but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

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

18. Inventory

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

	Consolidated	
	2022 US$'000	2021 US$'000
Raw materials	20,943	14,344
Work in progress	9,013	10,533
Goods in transit	4,057	5,687
Consumables	20	12
Stock lot	774	746
Finished goods	3,018	3,016
Total	**37,825**	**34,338**

19. Subsequent events

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