GLG Corp Ltd

ACN 116 632 958

PRELIMINARY FINAL REPORT

PERIOD ENDED 30 JUNE 2010

1. Highlight of Results

2. Appendix 4E Financial Statements for the Year ended 30 June 2010

1. Results for announcement to market

Summary financial information for the company for the 2009/10 financial year is set out below. Full financial details are attached to this announcement.

		Consolidated		
Summary Information	**30 –JUN-10 USD$'000**	**30 –JUN-09 USD$'000**	**Inc/(Dec) USD$'000**	**Inc/(Dec) %**
Revenue from Ordinary Activities	195,495	196,021	(526)	(-0.27)
Profit/(Loss) after Tax from Ordinary Activities	8,041	2,083	5,958	286.03
Profit/(Loss) after Tax from Discontinued Activities	-	-	-	-
Net Profit/(Loss) after Tax Attributable to Members	8,041	2,083	5,958	286.03
Basic Earnings – US Cents Per Share	10.85	2.81	8.04	286.12
Dilute Earnings – US Cents Per Share	10.85	2.81	8.04	286.12
Net Tangible Assets – US Cents Per Share	47.34	36.66	10.68	29.13

Dividends (Distributions)	**As per security – US Cents**	**Franked amount per security-US cents**
Dividends Paid during Year	Nil	Nil
Proposed Final Dividend	Nil	Nil
Proposed payment date for final dividend	N/A	N/A

Summary commentary on results

Directors Comments:

GLG Corp Ltd ("GLG" or the Company) accounts are in the process of being audited by Deloitte Touche Tohmatsu, Chartered Accountants.

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 and further changes may be forthcoming.

The downturn in the 2009 financial year saw the demise of many smaller players in the industry; retailers reduced purchases as a result of uncertain consumer confidence and difficult trading conditions. Coupled with lack of cotton supply and corresponding yarn price increases at end of 2009, FY2010 proved to be an extremely tough year for the industry. GLG, by virtue of tight cost management and disciplined control of its supply chain was able to achieve a strong improvement in profits.

In the beginning of 2010 as we saw a slight recovery in US retail, reduced supply from 2009 and improved demand retailers sought to secure capacity ahead of normal lead-times. This was coupled with a dramatic increase in cotton prices which made it difficult for suppliers, including GLG to benefit from increased demand, especially as many retailers were reluctant to pass on cost increases as consumer confidence remained low.

GLG did benefit from early, strategic yarn purchases for key programs and also was successful with high value designs at attractive price points. However the benefit of early cotton purchases will not flow into fiscal 2011 as the price of cotton is still at very high levels. Retailers are still cautious and experimenting with a wide range of value driven promotions to generate consumer enthusiasm.

The discussion that follows compares the **Consolidated Statement of comprehensive income for the financial year ended 30 June 2010 with that of 30 June 2009**.

GLG's net profit increased by $5,958 to $8,041 thousand, from a net profit of $2,083 thousand in the previous year. The results included a write back of a prior year impairment of $2,500 thousand. Lower selling and distribution expenses and management efforts to promote cost efficiencies also contributed to the profit increase.

In spite of challenging market conditions the Company's sales were only marginally lower than the prior year.

Other revenue increased by $694 thousand to $1,336 thousand as compared to 642 thousand in previous year as a result of higher average commission rate received from suppliers and the new development of agency fees.

The Company was able to maintain its gross margin despite the global increase in the price of cotton through judicious advance purchases of raw materials.

Costs during the year were tightly managed as the Company continued its cautious approach in the face of poor retail trade conditions in the United States. Because of slightly better margins and the overall cost control the Company was able to restore salaries that had been cut during the Global Financial Crisis.

Comparison of the **Consolidated Statement of financial position as at 30 June 2010 with that of 30 June 2009**.

Cash as at 30 June 2010 was $2,031 thousand compared to $6,762 thousand as at 30 June 2009. During the year cash was utilised to obtain better rebates for on time settlement of suppliers.

Other Non Current Financial Assets has increased by $13,633 thousand due mainly to the reclassification of Other Party – GLIT Receivables which is at call but not expected to be repaid during the next twelve months.

Total payables and borrowings increased by $1,099 thousand, or 23.53%, to $5,770 thousand as at 30 June 2010 compared to $4,671 thousand as at 30 June 2009 after accounting for off-settable trust receipts and increase in accruals and amounts owing to directors.

Equity increased to $35,077 thousand as at 30 June 2010, from $27,160 thousand as at 30 June 2009, mainly from retained profits as at 30 June 2010.

Comparison of the Consolidated Statement of cash flows for the financial year ended 30 June 2010 with that of 30 June 2009.

Cash flows from operations increased to $14,238 thousand for the compared to $417 thousand in the prior year. Cash flows improved through better management of the supply chain and the tight control of costs.

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

Consolidated Statement of comprehensive income for the financial year ended 30 June 2010

	Note	Consolidated 2010 US$'000	2009 US$'000
Continuing Operations			
Revenue	3	195,495	196,021
Cost of sales		(176,331)	(176,939)
Gross profit		**19,164**	**19,082**
Other revenue	3	1,336	642
Other income	3	787	852
Distribution expenses		(990)	(2,061)
Administration expenses		(10,823)	(10,298)
Finance costs		(1,404)	(542)
Impairment Expense		2,500	(2,800)
Other expenses		(1,336)	(1,615)
Share of losses of jointly controlled entities accounted for using the equity method		(39)	(254)
Profit before income tax expense		**9,195**	**3,006**
Income tax expense		(1,154)	(923)
Profit for the year from continuing operations		**8,041**	**2,083**
Discontinued operations			
Loss for the year from discontinued operations		-	-
Profit for the year		**8,041**	**2,083**
Other comprehensive income		-	-
Total comprehensive income for the year		**8,041**	**2,083**
Earnings per share:			
From continuing and discontinued operations:			
Basic (cents per share)	9	10.85	2.81
Diluted (cents per share)	9	10.85	2.81
From continuing operations:			
Basic (cents per share)	9	10.85	2.81
Diluted (cents per share)	9	10.85	2.81

Notes to the financial statements are included on pages 9 to 16

Consolidated Statement of financial position as at 30 June 2010

	Note	Consolidated 2010 US$'000	Consolidated 2009 US$'000
Current assets			
Cash and cash equivalents		2,031	6,762
Trade and other receivables	4	22,476	19,994
Inventory		5	41
Other assets		226	268
Other financial assets	5	-	2,580
Total current assets		**24,738**	**29,645**
Non-current assets			
Other financial assets	5	18,200	4,567
Investments accounted for using the equity method		-	39
Property, plant and equipment		1,050	1,035
Total non-current assets		**19,250**	**5,641**
Total assets		**43,988**	**35,286**
Current liabilities			
Trade and other payables	6	4,689	2,835
Borrowings	7	1,081	1,836
Current tax liabilities		1,049	750
Total current liabilities		**6,819**	**5,421**
Non-current liabilities			
Borrowings	7	2,005	2,618
Deferred tax liabilities		87	87
Total non-current liabilities		**2,092**	**2,705**
Total liabilities		**8,911**	**8,126**
Net assets		**35,077**	**27,160**
Equity			
Issued capital	8	10,322	10,322
Reserves		(121)	3
Retained earnings		24,876	16,835
Total equity		**35,077**	**27,160**

Notes to the financial statements are included on pages 9 to 16

Consolidated Statement of changes in equity for the financial year ended 30 June 2010

	Note	Issued Capital	Share based payment Reserves	Financial Guarantee Reserves	Retained Profits	Total
		US$'000	US$'000	US$'000	US$'000	US$'000
Consolidated						
Balance at 1 July 2008		10,252	63	81	14,752	25,148
Net income recognised directly in equity		-	-	-	-	-
Profit for the year		-	-	-	2,083	2,083
Total recognised income and expense		**-**	**-**	**-**	**2,083**	**2,083**
Recognition of financial guarantee fees		-	-	(78)	-	(78)
Recognition of share-based payments		-	7	-	-	7
Transfer to issued share capital		70	(70)	-	-	-
Payment of dividends	10	-	-	-	-	-
Balance at 30 June 2009		**10,322**	**-**	**3**	**16,835**	**27,160**
Balance at 1 July 2009		10,322	-	3	16,835	27,160
Net income recognised directly in equity		-	-	-	-	-
Profit for the year		-	-	-	8,041	8,041
Total recognised income and expense		**-**		**-**	**8,041**	**8,041**
Recognition of financial guarantee fees		-	-	(124)		(124)
Recognition of share-based payments						
Transfer to issued share capital		-	-			
Payment of dividends	10	-	-	-	-	-
Balance at 30 June 2010		**10,322**	**-**	**(121)**	**24,876**	**35,077**

Notes to the financial statements are included on pages 9 to 16

Consolidated Statement of cash flows for the financial year ended 30 June 2010

	Note	Consolidated 2010 US$'000	Consolidated 2009 US$'000
Cash flows from operating activities			
Receipts from customers		199,389	196,667
Payments to suppliers and employees		(184,819)	(194,766)
Interest and other costs of finance paid		(1,405)	(542)
Interest received		1,778	162
Income tax paid		(705)	(1,104)
Net cash provided by/(used in) operating activities		**14,238**	**417**
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		483	123
Payment for property, plant and equipment		(472)	(122)
Proceeds on sales of investment		1,950	-
Dividends received		-	-
Interests acquired in joint venture		-	(293)
Proceeds from repayment of related party loans		(95)	-
Net cash provided by/(used in) investing activities		**1,866**	**(292)**
Cash flows from financing activities			
Dividends paid		-	-
Drawdown of borrowings		880	3,368
Repayment of borrowings		-	(560)
Amounts advanced to related parties		(21,715)	-
Net cash used in financing activities		**(20,835)**	**2,808**
Net increase/(decrease) in cash and cash equivalents		**(4,731)**	**2,933**
Cash and cash equivalents at the beginning of the financial year		6,762	3,829
Cash and cash equivalents at the end of the financial year		**2,031**	**6,762**

Notes to the financial statements are included on pages 9 to 16

Notes to the Appendix 4E

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
Level 5, 56 Pitt Street
Sydney, NSW 2000Australia

Principal place of business
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. Segment information

GLG Corp Ltd operates in apparel industry and reports only one reportable segment under AASB8 "Operating Segments".

3. Revenue

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

	Consolidated	
	2010 US$'000	2009 US$'000
Continuing operations		
Revenue from the sale of goods	195,495	196,021
Revenue from the rendering of services	1,336	642
	196,831	**196,663**
Other income		
Interest revenue:		
Bank deposits	-	5
Other	-	157
	-	**162**
Dividends:		
Subsidiary	-	-
Other	787	690
	787	**690**
Total other income	**787**	**852**
	197,618	**197,515**
Discontinued operations		
Other income	-	-

4. Trade and other receivables

	Consolidated	
	2010 US$'000	2009 US$'000
Trade receivables		
Third parties (i)	39,162	19,043
Other party- GLIT group (ii)	28,088	42,684
Related Parties (ii)	16,223	8,454
Other receivables	1,945	1,844
Provision for Bad Debts	(149)	(2,947)
	85,269	**69,078**
Less:		
Payable to Other Party- GLIT group (ii)	(21,416)	(9,954)
Payable to Related Parties	-	-
Bills Payable (i)	(7,083)	(9,162)
Trust Receipts related to Other party- GLIT group (ii)	(30,662)	(24,100)
Trust Receipts related to Related Parties (ii)	(3,669)	(5,904)
	(62,830)	**(49,120)**
Goods and services tax recoverable	37	36
	22,476	**19,994**

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

(ii) Other party- GLIT and Related Parties offsets: Presently and reflected in the Balance Sheet at 30 June 2010 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 the letter of credit it has issued into a Trust Receipt and place under Third Parties and only upon maturity of the Trust Receipt it would then be chargeable to Other Party – GLIT group (ii).

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.

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 attributable under the external credit scoring system used by the Group. Of the trade receivables balance at the end of the year, $9.1 million (2009: $2.5 million) is due from Macy the Group's largest customer.

4. Trade and other receivables (cont'd)

Included in the Group's trade receivable balance are debtors with a carrying amount of $1.5 million (2009: $1.6 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 Trade Receivables (excluding GLIT and Related Party amounts) past due but not impaired

	Consolidated	
	2010 US$'000	2009 US$'000
60 – 90 days	1230	436
90 – 120 days	(65)	343
More than 120 days	339	148
Total	1,504	927
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	(2,947)	(77)
Allowance made during the year	2,619	(2,870)
Balance at the end of the year*	(328)	(2,947)

*Includes the provision for doubtful debts for Trade Receivables, both current and non-current.

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.

5. Other financial assets

	Consolidated	
	2010 US$'000	2009 US$'000
Loans carried at amortised cost (i):		
Current		
Trade receivables – Other Party GLIT group (i)(a)(b)	-	2,580
Non-current		
Trade receivables – Other Party GLIT group (i)(a)	18,200	2,505
Trade receivables – Third parties (ii)	179	2,062
	18,379	4,567
Provision for Bad Debts	(179)	-
	18,200	**7,147**
Disclosed in the financial statements as :		
Non-current other financial assets	**18,200**	**7,147**

(i) The loans owed by Other Party – GLIT consists of two amounts:

(a) US$1,802 thousand (FY 2009: US$3,368 thousand) which is the equivalent of a S$5,000 thousand denominated receivable repayable over a period of 48 months at a fixed interest rate of 5.00% p.a. commencing June 2009.

(b) US$16,398 thousand (FY2009: US$ Nil) has been classified as non-current due to the debt is still at call but it will not expected to be repaid within the next twelve months.

Ghim Li Group Pte Ltd will guarantee the repayment of both amounts in the current and non-current receivables owing by Other Party – GLIT to GLG Corp in the event of a default by Other Party –GLIT. This guarantee will be in the form of three undertakings. The first, will commit Ghim Li Group Pte Ltd to return the proceeds from any sale of GLG Corp shares by Ghim Li Group Pte Ltd to GLG Corp for the outstanding receivables owed by Other Party-GLIT. The second requires GLIT Holdings to pledge a factory (and its associated assets) owned by GLIT Holdings located in Brunei to GLG Corp. The third will require Estina Ang Suan Hong, the Executive Chairman/CEO of GLG Corp to commit to a personal pledge of US$10 million.

(ii) The long term trade receivable owed by Third party has been fully provided for in FY2010 (FY2009: 2,062).

6. Trade and other payables

	Consolidated	
	2010 US$'000	**2009 US$'000**
Trade payables (i)	777	840
Other payables	-	16
Related parties	933	90
Accruals	2,979	1,889
	4,689	**2,835**

(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.

7. Borrowings

	Consolidated	
	2010 US$'000	**2009 US$'000**
Secured – at amortised cost		
Current		
Bank overdraft	9	279
Bank loans (i) (ii)	982	1,522
Trust receipts (i), (iii)(Gross)	34,331	30,003
Bills payable (Gross) (iv)	7,083	9,162
Finance lease liabilities	90	35
	42,495	**41,001**
Less Trust receipt – offsettable	(34,331)	(30,003)
Less Bill payable-offsettable	(7,083)	(9,162)
Total	**1,081**	**1,836**
Non-current		
Bank loans (i) (ii)	1,802	2,573
Finance lease liabilities	203	45
	2,005	**2,618**
Disclosed in the financial statements as:		
Current borrowings	1,081	1,836
Non-current borrowings	2,005	2,618
	3,086	**4,454**

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 Ghim Li Global Pte Ltd .

(ii) The non current borrowings consist of (a) Term loan of US$2,784 thousand (2009: US$3,368) which is repayable by a reducing balance method of 48 monthly average installments of US$115,146 (30 June 2009: NIL). The average effective interest rate charge is 5% per annum.

(iii) Trust Receipts not offsettable US$ nil thousand (30 June 2009: nil thousand); Trust Receipts offsettable US$34,331 thousand (30 June 2009: US$30,003 thousand). See note 4.

(iv) Bills payable not offsettable US$ nil (30 June 2009: US$nil); Bills payable offsettable US$7,083 thousand (30 June 2009: US$9,162 thousand). See note 4.

(v) Banking relationship: GLG is dependent on bank facilities to support the working capital requirement of its operations. Presently, the bank facilities provided to the Group are uncommitted short term trade financing facilities which are renewable annually by the banks. At 30 June 2010 GLG Corp had financing facilities available of US$92.2 million (US$58.2 million was used and US$34 million is unused). This is compared with US$88.5 million at 30 June 2009 (US$43.3 million was used and US$45.2 million was unused). GLG continued to have the strong support of its core banking relationships for its working capital requirements. GLG has largely completed the sourcing of additional bank facilities from Singapore based banks if there is a need to replace facilities from banks who because of capital and credit risk constraints, may limit or suspend their corporate lending business.

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

	2010	**2009**
Bank overdrafts	US prime rate	US prime rate
Bank loans	6.52%p.a.	5.12% - 7.32%p.a.
Trust receipts	1- 5mths US SIBOR + (1% - 2.25%)	1- 5mths US SIBOR + (1.5% - 2.25%)
Finance lease liabilities	5.04%p.a.	5.04%p.a.
Bills payable	2.89%%	2.89%%

8. Issued capital

	Consolidated	
	2010 US$'000	**2009 US$'000**
74,100,000 (2009: 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.

	Consolidated		**Consolidated**	
	No. '000	**2010 US$'000**	**No. '000**	**2009 US$'000**
Fully paid ordinary shares				
Balance at beginning of financial year	74,100	10,322	74,100	10,252
Transfer from share based payment reserve	-	-	-	70
Balance at end of financial year	**74,100**	**10,322**	**74,100**	**10,322**

9. Earnings per share

	Consolidated	
	2010 Cents per share	2009 Cents per share
Basic earnings per share:		
From continuing operations	10.85	2.81
From discontinued operations	-	-
Total basic earnings per share	**10.85**	**2.81**
Diluted earnings per share:		
From continuing operations	10.85	2.81
From discontinued operations	-	-
Total diluted earnings per share	**10.85**	**2.81**

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:

	2010 US$'000	2009 US$'000
Net profit	8,041	2,083
Earnings used in the calculation of basic EPS	8,041	2,083
Adjustments to exclude loss for the period from discontinued operations	-	-
Earnings used in the calculation of basic EPS from continuing operations	**8,041**	**2,083**

	2010 No.'000	2009 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

Diluted earnings per share

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

	Consolidated		
	2010 US$'000	2009 US$'000	
Net profit	8,041	2,083	
Earnings used in the calculation of diluted EPS	8,041	2,083	
Adjustments to exclude loss for the period from discontinued operations	-	-	-
Earnings used in the calculation of diluted EPS from continuing operations	**8,041**	**2,083**	**4**

	Consolidated	
	2010 No.'000	2009 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

10. Dividends

	2010		2009	
	Cents per share	Total US$'000	Cents per share	Total US$'000
Recognised amounts				
Fully paid ordinary shares				
Proposed final fully unfranked ordinary dividend	-	-	-	-

Unrecognised amounts
In respect of the financial year ended 30 June 2010, the Directors do not recommend the payment of dividend.

11. Contingent liabilities

	Consolidated	
	2010 US$'000	2009 US$'000
Contingent liabilities		
Guarantees in lieu of commercial and statutory cash deposits	2,578	2,274
Guarantees arising from Letters of credit in force	12,819	6,219
Legal Fee in Dispute	-	175
Total	**15,397**	**8,668**

12. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 2010 %	Ownership interest 2009 %
Escala Guatemala S.A.	Republic of Guatemala	-	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
JES Apparel LLC	United States of America	51	51

13. Investments accounted for using the equity method

	Consolidated	
	2010 US$'000	2009 US$'000
Investments in jointly controlled entities	-	-
Reconciliation of movement in investments accounted for using the equity method		
Balance at 1 July 2009	39	-
Share of losses for the year	(39)	(254)
	-	(254)
Additions	-	293
Balance at 30 June 2010	-	39

Name of entity	Country of incorporation	Principal activity	Ownership interest 2010 %	2009 %
Jointly controlled entities				
JES Apparel LLC	Delaware	Importer of knitwear products	**51**	**51**

14. Disposal of Subsidiary

On 21 December 2009, GLG Corp Ltd disposed of Escala Guatemala S.A. The proceeds on disposal of US$1,950,000 were received in cash.

The profit/(loss) for the period from the discontinued operation is analysed as follows:

	Consolidated 2010 US$'000	2009 US$'000
Revenue	-	5
Operating expenses	-	(4)
Profit before income tax	**-**	**1**
Income tax expense/(credit)	-	-
Profit after tax	**-**	**1**
Net assets disposed of	1,950	-
	1,950	-
Gain on disposal	**-**	-
Total consideration	1,950	-
Satisfied by cash, and net cash inflow arising on disposal	**1,950**	-

No gain was recognised on the disposal of Escala Guatemala S.A. No tax charge or credit arose on the transaction.

15. 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.