

# ***GLG Corp Ltd***

ACN 116 632 958

**Results for Announcement to the Market  
Appendix 4D – Half Year Report  
Given to ASX under Listing Rule 4, 2A**

Current Reporting Period - Half Year Ended 31<sup>st</sup> December  
2016

Previous Reporting Period - Half Year Ended 31<sup>st</sup>  
December 2015

1. Highlight of Results
2. Appendix 4D Financial Statements for the Half Year ended  
31 December 2016

## 1. Results for announcement to market

Summary financial information for the company for the six months ended 31<sup>st</sup> December 2016. Full financial details are attached to this announcement.

Summary Information	31 –DEC-16 USDS'000	Consolidated		Inc/(Dec) %
		31 –DEC-15 USDS'000	Inc/(Dec) USDS'000	
Revenue from Ordinary Activities	70,932	90,229	(19,297)	(21.4%)
Profit/(Loss) after Tax from Ordinary Activities	2,104	2,853	(749)	(26.3%)
Net Profit/(Loss) after Tax Attributable to Members	2,104	2,853	(749)	(26.3%)
Basic Earnings – US Cents Per Share	2.84	3.85	(1.01)	(26.2%)
Diluted Earnings – US Cents Per Share	2.84	3.85	(1.01)	(26.2%)
Net Tangible Assets – US Cents Per Share	61.25	58.41	2.84	4.9%

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's top-line revenue decreased by 21% from US\$90,229 thousand to US\$70,932 thousand for the first half of this financial year ending 31 December 2016, as we saw continuing weakness in our end-customers' retail consumer market. The retail apparel market is still soft as it is characterised by corporate re-structuring, shutdown of unprofitable stores and emergence of online ecommerce buying replacing traffic in brick and mortar malls. However, GLG has also won a couple of new customers to offset some of the decrease in orders received from existing customers.

Net profit after tax for GLG Corp Ltd "(GLG)" for the half year ended 31 December 2016 was US\$2,104 thousand, a decrease of US\$749 thousand or 26% compared to the corresponding period for 2015 of US\$2,853 thousand. The reduction in net profit was mainly due to lower revenue from some customers in U.S. and Europe. For the half year ended 31 December 2016, we also saw gross profit margin improve to 12.8% compared to 12.1% in the previous year, due to the increase in seasonal fashion design collections adopted by our customers.

Although our costs below the Gross Margin line also declined with our tightening of costs with austerity measures, our bottom-line profit decreased due to one-off foreign-exchange loss for the first half of this financial year. Selling and distribution expenses decreased from US\$1,438 thousand to US\$948 thousand in 2016 due to better control of our outsourced production, which resulted in avoidance of using air freight to meet customers' on-time delivery requirements. We also saw overall freight costs reduced in our fabric mill, Maxim in line with lower revenue.

Administrative expenses decreased by 5% from US\$5,563 thousand to US\$5,283 thousand in 2016. This reduction in costs was achieved through reduction in headcount from natural attrition in certain management positions and expansion of the job scope of current personnel. We also reduced some discretionary spending like costs in Sample Room to offset other costs increase attributable to the commencement of garment manufacturing operations in Vietnam.

We achieved lower Finance costs in the first half of 2016 compared with the corresponding period in the previous year, due to the termination of factoring service relating to the revenue from a key customer. Other Operating Expenses went up by US\$292 thousand to US\$509 thousand from US\$217 thousand in 2015 due primarily to a one-off loss incurred on forward exchange contracts that we took to hedge US dollar against Singapore dollar required for paying ongoing local costs in Singapore dollars.

## Directors Comments: (cont'd)

### Balance Sheet position

GLG's financial position remains strong as of 31 December 2016 as total equity improved from US\$43,282 thousand on 30 June 2016 to US\$45,386, after consolidating the acquired entities of Maxim Textile Technology Pte Ltd, serving as a Procurement and Sourcing Centre for fabric and other direct materials used in the manufacturing process of finished garments and Maxim Textile Technology Sdn Bhd, which owns a fabric mill to allow GLG to achieve a higher level of vertical integration with its existing supply chain and garment manufacturing business.

Trade and other receivables increased by 6% to US\$63,916 thousand as at 31 December 2016 compared to US\$60,190 thousand as at 30 June 2016 primarily due to the increase in advances to GLIT Receivable to support their working capital for the production of garments for GLG. Inventory in GLG reduced in the first half of 2016 compared with the preceding period, as a result of better inventory controls resulting in lower inventory held in yarn and work-in-process in Maxim Fabric mill. Also, Goods in transit inventory in GLIT factories were reduced as part of the efforts to do JIT (Just-in-time) production to meet GLG's end customers' delivery dates.

Non-current other assets increased to US\$9,905 thousand as at 31 December 2016 from US\$8,724 on 30 June 2016 because of the infrastructure costs in Vietnam incurred on an operating lease to an external party for the usage of land.

Property, plant and equipment increased to US\$30,483 thousand as at 31 December 2016 due to the costs of investments consisting of construction of facility and machinery in Vietnam, aimed at putting the factory ready for volume production to supplement outsourced factory output.

Both current and non-current borrowings increased as at 31 December 2016 compared to the corresponding balance as at 30 June 2016 due to an increase in trust receipts and increase in draw-down of bank loan to finance the investment in Vietnam.

### Cash Flow

GLG's cash from operating activities increased to US\$6,778 thousand for the half year ended 31 December 2016 compared to US\$8,162 thousand for the corresponding period ended 31 December 2015. The increase in the cash flow from operating activities was mainly due to effective cash flow management and stringent control of costs.

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 for the foreseeable future.

### Control gained over entities

On 12 December 2016, Ghim Li International (S) Pte Ltd, a subsidiary of GLG Corp Ltd, acquired 100% of the ordinary shares of Maxim Textile Technology Pte Ltd, a company incorporated in Singapore and Maxim Textile Technology Sdn Bhd, a fabric company in Malaysia for total consideration of US\$20,000,000.

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Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the interim report.