



**GLG CORP LTD**  
ANNUAL REPORT 2011



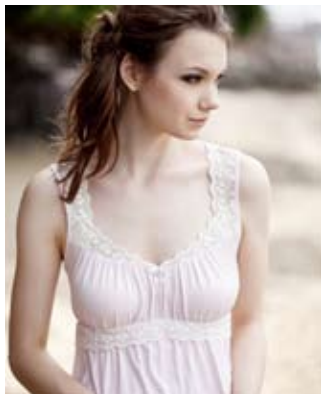
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FASHIONABLE AND COMFORTABLE  
LOUNGEWEAR & SLEEPWEAR



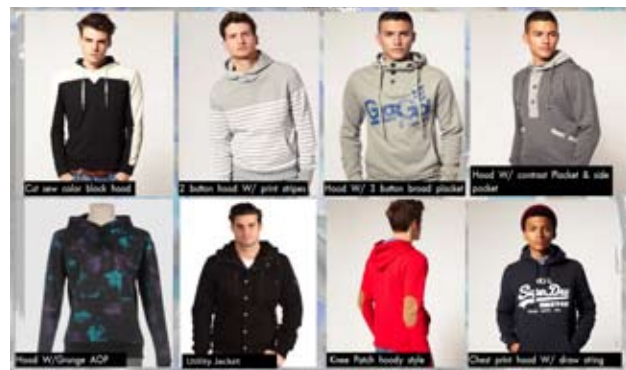
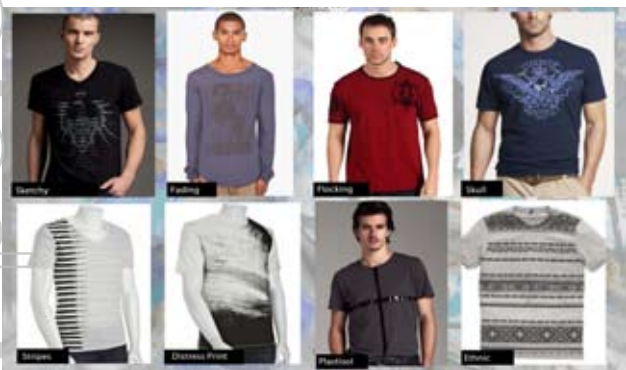


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## CUSTOMER-CENTRIC DESIGNS

Trend Focused Sample Development





## OUR GLOBAL NETWORK

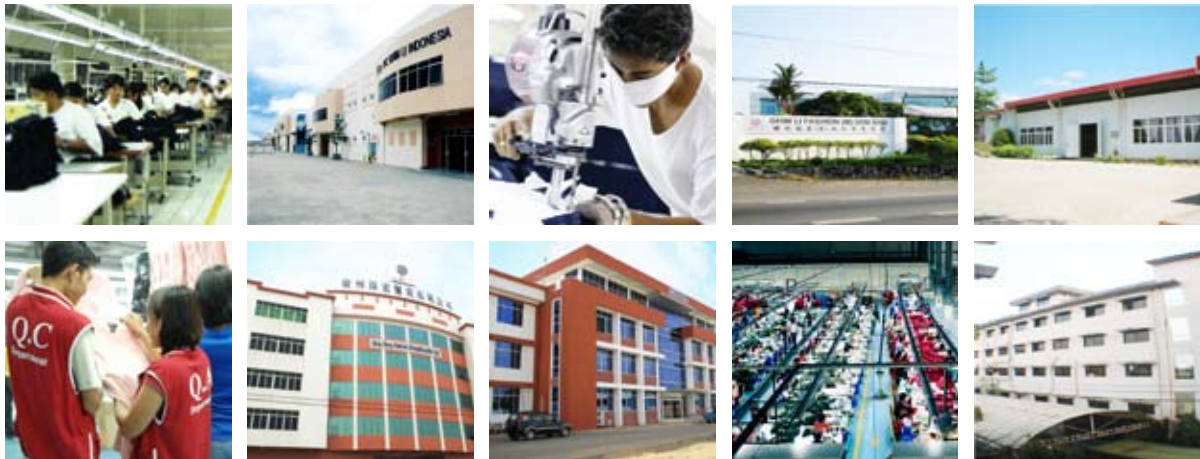
### ORDER COMMERCIALISATION



### SUPPLY CHAIN MANAGEMENT



### PRODUCTION NETWORK



### TEXTILE MANUFACTURING NETWORK



## CHAIRPERSON / CEO'S SPEECH



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OUR STRATEGY IS TO HOLD OUR MARKET POSITION WITH OUR KEY CUSTOMERS, REBUILD OUR PROFITABILITY AND DELEVERAGE TO FURTHER STRENGTHEN OUR FINANCIAL POSITION.

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**Estina Ang Suan Hong**  
Executive Chairman

2010/11 was a year of the high commodity prices crisis. Cotton prices rose to as high as USD230 per ton in the third quarter (compared to USD83 in June 2010 and USD65 in June 2009) before retracing downwards. The causes were weather disruption in cotton producing countries - flooding in Pakistan and China; increase in cotton consumption in the developing world and quantitative easing from the USA which led to a weaker dollar in preference to holding commodities. Of course, speculation was also present.

The first impact was on the gross profit margin. Fabric and yarn costs comprise over 60% of garment costs. The rise in prices of fabric and yarn was immediate, whereas the garment prices lagged a good 6 months before buyers came to accept the increase. The whole supply chain shared in the pain of the margin squeeze.

The second impact was on the working assets. It was fortunate that the higher commodity prices came after we were able to fully replace all the weakened European banks who withdrew their capital to their home countries, with increased facilities from Asian banks, and in particular the local banks. We had the banks' timely support to accommodate the increase in working assets caused by the high cotton prices.

The outcome was that GLG had a poorer first half of 2010/11 caught by the margin squeeze. The buyer eventually relented towards the second half of the year and margins began to recover resulting in a satisfactory second half performance. Full year Net Profit before Provision was USD4.7million and was satisfactory compared to USD5.4million the year before. A provision of USD2million was prudently taken in 2010/11 for slow collecting receivables incurred in the attempt to develop new customers.

We are conservatively optimistic that with the retracing of cotton prices to USD104 at the end of October 2011, a healthier gross profit margin prevails. With the second financial crisis brewing in Europe, we are comforted that our main market remains in the USA. In the light of the unresolved uncertainty in the Eurozone, our strategy is to hold our market position with our key customers, rebuild our profitability and deleverage to further strengthen our financial position.

I would like to thank our customers, suppliers, shareholders, banks, independent directors and our staff for their continual support and solidarity without which we would not have weathered the two crises in 2008 and 2011. We are in a better position today to face the uncertainties stemming from Europe.



**Estina Ang Suan Hong**  
Executive Chairman

# CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

The Board of Directors of GLG Corp Ltd ("GLG" or "the Company") are responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of GLG Corp Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

## COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at least every second month and follow guidelines set down to ensure all directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

**The Directors in office at the date of this statement are as follows:**

Name	Position
Estina Ang Suan Hong	Executive Chairman and Chief Executive Officer
Yong Yin Min	Director
Surina Gan Meng Hui	Director
Christopher Chong Meng Tak	Independent Director
Ernest Seow Teng Peng	Independent Director
Thongviboon	Independent Director ( <i>appointed 3 March 2011</i> )

The skills, experience and expertise relevant to the position of director as well as the period of office held by each director are set out in the Directors' Report on page 9 to 20.

## BOARD RESPONSIBILITIES

As the Board acts on behalf of the shareholders and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board, through the Audit Committee, receives reports from management on an on-going basis as to the material risks associated with the company's operations and the recommended risk mitigation process that they undertake. The Board has established a Code of Conduct which in summary, requires that at all times Directors and employees act with the integrity, objectivity and in compliance with the letter and spirit of the law and Company policies. GLG has established a written policy designed to ensure Compliance with ASX listing rule disclosure and accountability as senior executive level for compliance.

Under the guidance of the ASX's Corporate Governance Principles and Recommendations (2nd edition), the Board has established a Nomination and Remuneration Committee and an Audit Committee. The name of members of each committee and their attendance at meetings is contained on page 16 of the Annual Report.

The Nomination and Remuneration committee have established a policy prohibiting transactions in associated products which limit the economic risk of participating in unvested entitlements under equity-based remuneration scheme.

A copy of the Company's Code of Conduct, Audit Committee charter, Remuneration committee charter and the terms and conditions of the continuous disclosure and shareholder communication policy is made publically available on the Company's website.

# CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## CORPORATE GOVERNANCE – PRINCIPLES AND RECOMMENDATIONS

GLG adopts the 2nd edition principles and recommendations put forward by the ASX Corporate Governance Council ("ASXCGC"). In accordance with the ASXCGC's recommendations, the Corporate Governance Statement must report on the Company's adoption of the ASXCGC's principles and recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted, together with the reasons why they have not been adopted. GLG Corp Ltd's corporate governance principles and policies are structured with reference to the ASXCGC's Corporate Governance Principles and Recommendations (2nd edition), which are as follows:

- (i) Lay solid foundations for management and oversight;
- (ii) Structure the Board to add value;
- (iii) Promote ethical and responsible decision making;
- (iv) Safeguard integrity in financial reporting;
- (v) Make timely and balanced disclosures;
- (vi) Respect the rights of shareholders;
- (vii) Recognise and manage risk; and
- (viii) Remunerate fairly and responsibly.

GLG Corp Ltd's corporate governance practices were in place throughout the period ended 30 June 2011. As set out below, with the exception of the departures from the ASXCGC's principles and recommendations in relation to the independence of the Board and Chairperson, the roles of Chairperson and Chief Executive Officer being performed by separate people and board performance evaluation, the corporate governance practices of GLG Corp Ltd were compliant with the Council's Corporate Governance Principles and Recommendations.

As required under the ASXCGC's principles and recommendations and section 295 of the Corporations Act, the Board can confirm that it has received assurance from the Chief Executive Officer and Financial Controller that the declaration contained on page 24 of the Annual Report is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

## INDEPENDENCE OF BOARD MEMBERS

ASXCGC best practice recommendation 2.1 requires a majority of the Board to be independent directors, 2.2 recommends the Chairperson should be an independent director and 2.3 requires the roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.

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

The Board acknowledges the ASXCGC recommendation to have a majority of independent directors on the Board. In assessing the composition of the Board, GLG seeks to ensure its directors are independent in thought and judgement, and expects the Directors to add value to the Company. GLG operates in an entrepreneurial environment, and both requires and benefits from the involvement of directors who have a range of specialised knowledge of, and expertise in, this business sector.



# CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

As part of discharging its obligations as directors of the Company, the Company encourages directors to seek independent professional advice at the expense of the Company where appropriate. Where issues or matters arise in relation to the running of the Company, that in the opinion of the Directors require independent professional advice to assist in the decision making surrounding the resolution of these issues, the Board may engage such professional advice on standard commercial terms.

The ASXCGC recommends that the Chairperson should be an independent director. The Chairperson of GLG, Estina Ang Suan Hong, the founder of the business, is integral in maintaining the business and important customer and banking relationships and carries out a strategic executive role. GLG is in the process of selecting a lead independent director to be appointed, which is recommended by the ASXCGC where the Chairperson is not an independent director. The role of the lead independent director is to act as a representative for any collective views of the non-executive directors, to ensure that the voices of the non-executive directors carry significant weight in the Board's decision making process, and to ensure that the Board understands and maintains boundaries between the Board and management responsibilities.

The ASXCGC also recommends that the role of Chair and CEO should not be exercised by the same individual. As stated above, the Chairperson and CEO of GLG, Estina Ang Suan Hong, the founder of the business, is integral in maintaining the business and important customer and banking relationships and carries out a strategic executive role as both Chair and CEO of the Company.

The Company's corporate governance practices and policies in relation to Nomination Committee charter, which outlines the Company's policy for nomination and appointment of directors are publically available on the Company's website.

## PERFORMANCE EVALUATION

ASXCGC best practice recommendation 2.5 requires the disclosure of the process for performance evaluation of the board, its committees and individual directors. From time to time, the Company evaluates the performance of the board, its committees and individual directors. There are currently no formal policies in place for these evaluations. The Company believes the informal processes adopted are effective and efficient at the current time.

Performance evaluation of senior executives occurred during the financial year and was in accordance with the process that is disclosed in the Company's Corporate Governance Plan. There are currently no schemes for retirement benefits, other than superannuation, for any directors.

A board evaluation was undertaken during the year with all directors completing an evaluation questionnaire. Enhancements suggested by directors are being implemented

## DEALING IN GLG CORPORATION'S SECURITIES BY DIRECTORS AND EMPLOYEES

Directors, officers and employees of the Company are prohibited from trading in GLG securities apart from the period 15 days commencing the day after GLG announces its half-yearly, preliminary final reports and full year accounts. A full outline of the Company's securities trading policy is made publically available on the Company website.

# CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## RISK MANAGEMENT POLICY

Risk is an inherent part of GLG's business. GLG is in a highly competitive market sector. GLG regards material business risks as threats to the achievement of GLG's objectives and goals and to the successful execution of its strategies.

The main risks faced by GLG are:

- Operational risk (including dependence on the ongoing viability of its existing major suppliers, reliance on the USA consumer market, new trade restrictions, reliance on executive directors and key executives, uncertainties relating to expansion plans);
- Funding risk, in that GLG is dependent upon the continued support of its banks to provide trade financing facilities on an ongoing basis;
- Reputation risk;
- Legal, compliance and documentation risk (including product liability, legal compliance guidelines set by customers);
- Regulatory risk;
- Outsourced manufacturing and other services;
- Competitive risk;
- Investment risk;
- Credit risk;
- Liquidity risk; and
- Foreign Exchange risk.

The Audit Committee requests senior executives to review and monitor material business risks applicable to the business and ongoing operations and reports to the Board for approval.

Full disclosure of the Company's policies in relation to risk oversight and management of material business risk are made publically available on the Company website.

## OTHER INFORMATION

The Company's corporate governance practices and policies in relation to the matters reserved to the board, matters delegated to senior executives and a copy of the board charter are publicly available at the Company's registered office. The policies have also been posted on the Company's website.



# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## ESTINA ANG SUAN HONG



The Directors of GLG Corp Ltd ("GLG" or "the Company") submit herewith the annual financial report of the Company for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the Directors of the Company during and since the end of the financial year are:

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

Ms Ang has over 35 years of experience in the textile and apparel industry. She began her career in the industry in 1975, working for Polly Allied Knitwear Pte Ltd, a Singapore based apparel group.

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

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

Ms Ang graduated from Nanyang University in 1974 with a Bachelor of Arts degree, and is a member of the Singapore Institute of Directors.

# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## SAMUEL SCOTT WEISS



*Non Executive Deputy Chairman and Lead Independent Director, joined the board on 12 October 2005 and resigned 3 March 2011.*

Mr Weiss brought valuable experience in all aspects of supply chain management and global logistics in a multi-national environment. Mr Weiss was also a member of the Audit Committee and Chairman of the Nomination and Remuneration committee.

Mr Weiss currently serves as a Non Executive Director of the Board of Directors of Oron Group Limited, IPGA Limited, Altium Limited and Breville Group Limited and is a Director of Open Universities Pty Ltd, Sydney Festival and The Benevolent Society. Mr Weiss has an AB from Harvard University and an MS from Colombia University.

## CHRISTOPHER CHONG MENG TAK



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

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

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

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



# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

ERNEST SEOW TENG PENG



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

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

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

Mr Seow is currently an independent Director of Guthrie GTS Limited and was previously a Director of SSH Corporation Limited, both listed on the Singapore Stock Exchange.

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

YONG YIN MIN



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

Mr Yong has a Masters Degree in Business Administration from the University of Toronto and a Masters Degree in Financial Engineering from the National University of Singapore. Mr Yong was a career banker with a background in commercial and merchant banking before he joined Ghim Li Group Pte Ltd in January 2004. In addition, he has experience in market planning and human resource development consulting and in private equity.

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

# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## SURINA GAN MENG HUI



*Director, joined the Board as a Director on 11 January 2010.  
Ms Surina Gan Meng Hui joined the Company in July 2001.*

She began her career at GLG as a Management Trainee where she was assigned the task of leading the manufacturing operations. Ms Gan is now responsible for the overall management of the Trading Group including Sales & Marketing, Product Operations, Product and Design Development as well as finance and accounts. In addition she leads and provides direction in the management of sales and marketing activities. Ms Gan plans and implements marketing strategies to identify and develop new customer base and business opportunities on a global scale.

Ms Gan graduated with a Bachelor of Science (Honours) from New York University- Stern in 2001.

## THONGVIBOON

*Director, appointed to the Ghim Li Group Pte Ltd Board on 3 March 2011.*

He has extensive experience in business modeling and development, treasury management, financial accounting, internal controls and fraud prevention. Mr Thongviboon is a Certified Fraud Examiner, a Justice of the Peace in Australia, and an Associate member of the Institute of Internal Auditors in Singapore.

Mr Thongviboon was a Director of Shinawatra & STI Joint Venture in Thailand, France Telecom & China Unicom Joint Venture in China, Ocean Trade Services in New Zealand, Pacific Direct Line SAS in New Zealand and Australia, New Zealand Immigration Services, and Postal and Telecommunication Enterprise in Australia.

He was also the Corporate Secretary of Pacific Direct Line SAS until December 2006. Mr Thongviboon was a Treasurer of the Abaijah Foundation in Papua New Guinea, a consulting Economist of Shunde City in China, and the co-owner of Vittoria Delights in China.



# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## DIRECTORSHIPS OF OTHER LISTED COMPANIES

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

Name	Company	Period of directorship
Samuel Scott Weiss	Oroton Group Limited	Since 2003
	Altium Limited	Since 2006
	IPGA Limited	Since 2007
	Breville Group Ltd	Since 2008
Christopher Chong Meng Tak	Lorenzo International Limited	Since 2006
	ASL Marine Holdings Ltd	Since 2006
	SKY China Petroleum Services Ltd	Since 2004
	Koon Holdings Limited	Since 2003
	Xpress Holdings Limited	Since 2001
	Koda Ltd	Since 2001
	Showy International Ltd	Since 2008
Ernest Seow Teng Peng	SSH Corporation Ltd	Since 2005 to 2011
	Guthrie GTS Limited	Since 2007
	C.K. Tang Limited	Since 2007 to 2011
Yong Yin Min	Swing Media Technology Group Ltd	Since 2010

## FORMER PARTNERS OF THE AUDIT FIRM

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

## DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully Paid Ordinary Shares Number	Share options Number
Estina Ang Suan Hong	54,560,003	—
Samuel Scott Weiss*	119,999	—
Christopher Chong Meng Tak	160,007	—
Ernest Seow Teng Peng	99,999	—

• Mr Weiss resigned 3 March 2011

# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 17 to 20.

## SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year an aggregate nil share options (2010: nil) were granted to the directors as part of their remuneration.

## COMPANY SECRETARY

Ms Joanne (Jo) Bourke was appointed as Company Secretary on 5 July 2011. Ms Bourke is a qualified accountant and chartered secretary with 5 years experience in the oil and gas industry and 12 years experience in the financial services industry both in Australia and overseas. Ms Bourke has extensive experience in the areas of corporate governance, statutory, regulatory and compliance reporting and activities. Ms Bourke is also Company Secretary for ASX listed Elk Petroleum Ltd.

Mr Shane Hartwig resigned as Company Secretary on 5 July 2011. Mr Hartwig is a Certified Practising Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia.

Mr Hartwig is currently Company Secretary of ASX listed Anteo Diagnostics Limited and Non Executive Director of ASX listed Uran Limited both on a contract basis. Mr Hartwig has over 17 years experience in the finance industry both nationally and internationally with exposure in both the debt and equity capital markets.

## PRINCIPAL ACTIVITIES

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

## REVIEW OF OPERATIONS

GLG's net profit decreased 66% to \$2,705 thousand, against a net profit of \$7,920 thousand in the previous year. The decline was due to lower gross margin, higher distribution expenses, administration expenses and the inclusion of an impairment charge of \$2,000 thousand. In the previous financial year, there was a write back of impairment charge of \$2,500 thousand as compared to a charge of \$2,000 thousand in this financial year. This contributed to a drop in net profit by \$4,500 thousand.

GLG's sales increased 22% to \$237,885 thousand compared to \$195,495 thousand in the previous year. The increase in sales was mainly attributed to higher Freight On Board ("FOB") unit prices resulted from higher cotton prices and increase in sales of yarn.

Cost of sales increased 24% to \$217,373 thousand compared to cost of sales of \$175,367 thousand in the previous year, consistent with the increase in sales.

GLG's gross profit was \$20,512 thousand compared to a gross profit of \$20,128 thousand in the previous year. Gross margin declined by 1.7% to 8.6% compared to 10.3% in the previous year. This is because of surging cotton prices could not be fully passed on to the retailers as consumers' confidence remained low.

Selling and distribution costs increased 52% to \$1,597 thousand compared to \$1,048 thousand in the previous year. The increase in expenses was mainly due to higher design fees paid for filling Wal-mart and Target FOB sales orders which increased by 44%.

# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Administration expense increased 16% to \$12,535 thousand compared to \$10,823 in the previous year. The increase was mainly due to the reinstatement of staff salaries and wages to pre-global crisis levels in order to avoid high staff turnover as business trading conditions improved.

Trade and other receivables increased by 37% to \$31,313 thousand as at 30 June 2011 compared to \$22,819 thousand as at 30 June 2010 mainly due to higher sales.

Total current payables and borrowings increased by \$13,369 thousand, or 219%, to \$19,482 thousand as at 30 June 2011 compared to \$6,121 thousand as at 30 June 2010 due to increase in purchases of cotton yarn. As noted above the Company has taken a conservative position of getting the factories to purchase the required cotton yarn upfront prior to tender or upon receipt of an order.

Cash flows from operations increased to \$25,668 thousand for the year ended 30 June 2011 compared to \$12,149 thousand in the prior year. The increase in the cash flow from operating activities was mainly due to higher revenue, and improvement in cash management and collection efficiency.

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.

## CHANGES IN STATE OF AFFAIRS

During the financial period there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

## DIVIDENDS

In respect of the financial year ended 30 June 2011, the Directors do not recommend the payment of a final dividend and no interim dividend was paid. In respect of the financial year ended 30 June 2010, no dividend was declared.

## 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 GLG, the results of operations or the state of affairs of GLG in future financial years.

## FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of GLG in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

## SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

There are no shares under option or issues on exercise of operations during the year (2010: Nil).



# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## INDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

## DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year 5 Board meetings, 1 Nomination and Remuneration Committee meeting and 3 Audit Committee meetings were held:

Directors	Board of directors		Nomination & remuneration committee		Audit committee	
	Held	Attended	Held	Attended	Held	Attended
Estina Ang Suan Hong	5	5	1	1	–	–
Samuel Scott Weiss	4	4	1	1	3	3
Ernest Seow Teng Peng	5	5	1	1	3	3
Christopher Chong Meng Tak	5	5	–	–	3	3
Yong Yin Min	5	5	–	–	–	–
Surina Gan	5	4	–	–	–	–
Thongviboon	1	–	–	–	–	–

## NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 31 to the full financial report.

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

The Directors are of the opinion that the services as disclosed in Note 31 to the full financial statements do not compromise the external auditors' independence, based on advice received from the Audit Committee, for the following reasons:

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

# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 21 of the financial report.

## ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

## REMUNERATION REPORT

This Remuneration report, which forms part of the Directors' report, sets out information about the remuneration of GLG's directors and its senior management for the financial year ended 30 June 2011. The prescribed details for each person covered by this report are detailed below under the following headings:

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

## DIRECTOR AND SENIOR MANAGEMENT DETAILS

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

- Estina Ang Suan Hong (*Executive Chairman and Chief Executive Officer*)
- Samuel Scott Weiss (*Non-executive Deputy Chairman and Independent Director resigned 3 March 2011*)
- Christopher Chong Meng Tak (*Independent Director*)
- Ernest Seow Teng Peng (*Independent Director*)
- Yong Yin Min (*Director*)
- Surina Gan Meng Hui (*Director and Chief Operating Officer*)
- Thongviboon (*Independent Director appointed 3 March 2011*)

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

- Felicia Gan Peiling (*Senior Vice President - Retail*)
- Alice Chong (*Acting Chief Financial Officer, resigned on 30 April 2011*)
- Kang Eng Chuan (*Financial Controller*)

Mr Shane Hartwig was the Company secretary and resigned 5 July 2011. Mr Hartwig is employed by Transocean Group to which GLG paid an annual fee of US\$46,241 (2010: US\$46,241) for the services provided.

# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## REMUNERATION POLICY

### RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2011:

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from all sources	239,969	196,532	197,515	210,356	222,640
Net profit before tax	3,606	9,015	3,006	7,144	8,892
Net profit after tax	2,705	7,920	2,083	6,324	8,067
Share price at start of year	\$0.28	\$0.16	\$0.26	\$0.85	\$1.02
Share price at end of year	\$0.24	\$0.28	\$0.16	\$0.26	\$0.85
Final dividend (unfranked)	—	—	—	—	6.2cps
Basic earnings per share	3.65cps	10.69cps	2.81cps	8.53cps	10.89cps
Diluted earnings per share	3.65cps	10.69cps	2.81cps	8.53cps	10.89cps

Remuneration is assessed for directors and senior executives with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality executive team. The appropriateness and nature of emoluments is assessed by reference to employment market conditions. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of GLG Corp Ltd. The remuneration committee has approved the implementation of incentive based remuneration for all staff including senior executives which will require each member of staff to be reviewed with regard to individual and corporate objectives. Any increases in executive compensation will correlate with achievement of individual and corporate objectives. The remuneration committee has not dictated what form the incentives for each member of staff will take. During the financial year and up to the date of this report bonuses had been paid to staff based on their performance in line with the financial and non-financial objectives of GLG Corp Ltd and are outlined below in this report.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Each executive director of the Company has entered into an Executive Service Agreement with Ghim Li Global Pte Ltd, a major subsidiary of GLG. They are not remunerated separately for being a director or executive of the Company or other operating entities. Under their respective terms of engagement, all executives, with the exception of Mr Yong Yin Min and Ms Surina Gan:

- commenced their terms as an executive of Ghim Li Global Pte Ltd on 1 January 2005, for a 3 year term, and thereafter their engagement automatically continues from year to year, unless their Executive Service Agreement is terminated;
- are covenanted to not compete against GLG's operations for a period of 12 months after cessation of employment with Ghim Li Global Pte Ltd;
- agree that either party may terminate their Executive Service Agreement by giving 3 months written notice. In addition, Ghim Li Global Pte Ltd may without prior notice terminate their Service Agreements under certain conditions, for example, if the executive commits a serious breach of his or her obligations, or is guilty of grave misconduct in the discharge of his or her duties, or becomes bankrupt.

The service agreements contain otherwise standard terms, including with regard to each executive's duties, Ghim Li Global Pte Ltd owns any intellectual property created by its executives, confidentiality, entitlements to minor benefits in addition to their remuneration, and devoting substantially the whole of their time and attention during business hours to the discharge of their duties.



# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Each executive director receives a salary per annum. They may also be entitled to an annual bonus determined by the Nomination and Remuneration Committee, in its absolute discretion.

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

Each key manager receives a salary per annum, reviewed by the Chief Executive Officer annually with reference to the progress of GLG. Each may also be entitled to an annual bonus determined by the Chief Executive Officer, reviewed by the Nomination and Remuneration Committee, and approved by the Board taking into account overall management performance and the Company's profit for the year.

## ELEMENTS OF KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration packages contain the following key elements:

- (a) Short-term employment benefits – salaries/fees, bonuses;
- (b) Post-employment benefits; and
- (c) Equity Options.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

	Short term employment benefits				Post-employment benefits Super-annuation	Other long-term employee benefits	Share –based payment Options & rights	Total
	Salary & fees	Bonus	Non-monetary	Other				
2011	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Directors</b>								
Estina Ang Suan Hong <sup>1</sup>	464,181	77,441	–	–	9,592	–	–	551,214
Samuel Scott Weiss <sup>4</sup>	47,516	–	–	–	–	–	–	47,516
Christopher Chong Meng Tak	49,959	–	–	–	–	–	–	49,959
Ernest Seow Teng Peng	49,959	–	–	–	–	–	–	49,959
Yong Yin Min	92,929	11,616	–	–	4,301	–	–	108,846
Surina Gan Meng Hui <sup>1</sup>	157,921	35,546	–	–	11,609	–	–	205,076
Thongviboon	–	–	–	–	–	–	–	–
	<b>862,465</b>	<b>124,603</b>	<b>–</b>	<b>–</b>	<b>25,502</b>	<b>–</b>	<b>–</b>	<b>1,012,570</b>
<b>Executives</b>								
Felicia Gan Peiling	87,967	11,616	–	–	8,020	–	–	107,603
Kang Eng Chuan <sup>3</sup>	52,407	–	–	–	4,715	–	–	57,122
Alice Chong <sup>2</sup>	93,255	11,616	–	–	3,678	–	–	108,519
	<b>233,599</b>	<b>23,232</b>	<b>–</b>	<b>–</b>	<b>16,413</b>	<b>–</b>	<b>–</b>	<b>273,244</b>
<b>Total</b>	<b>1,096,064</b>	<b>147,835</b>	<b>–</b>	<b>–</b>	<b>41,915</b>	<b>–</b>	<b>–</b>	<b>1,285,814</b>

<sup>1</sup> Estina Ang Suan Hong, Surina Gan Meng Hui are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer, Surina Gan Meng Hui is the Chief Operating Officer, Surina Gan Meng Hui was appointed as Director on 11 January 2010.

<sup>2</sup> Alice Chong resigned on 30 April 2011.

<sup>3</sup> Kang Eng Chuan appointed as Financial Controller.

<sup>4</sup> Samuel Scott Weiss resigned on 3 March 2011.

# DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Short term employment benefits				Post-employment benefits Super-annuation	Other long-term employee benefits	Share –based payment Options & rights	Total
	Salary & fees	Bonus	Non-monetary	Other				
2010	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Directors</b>								
Estina Ang Suan Hong <sup>1</sup>	375,349	71,494	–	–	8,262	–	–	455,105
Samuel Scott Weiss	63,014	–	–	–	–	–	–	63,014
Eu Mun Leong <sup>2</sup>	46,472	–	–	–	1,692	–	–	48,164
Christopher Chong Meng Tak	43,801	–	–	–	–	–	–	43,801
Ernest Seow Teng Peng	43,801	–	–	–	–	–	–	43,801
Yong Yin Min	75,070	21,448	–	–	4,508	–	–	101,026
Surina Gan Meng Hui <sup>1</sup>	112,497	41,467	–	–	11,615	–	–	165,579
	<b>760,004</b>	<b>134,409</b>	<b>–</b>	<b>–</b>	<b>26,077</b>	<b>–</b>	<b>–</b>	<b>920,490</b>
<b>Executives</b>								
Felicia Gan Peiling	65,632	6,291	–	–	6,515	–	–	78,438
Agnes Ng Moi Ngw	59,841	6,291	–	–	2,418	–	–	68,550
Alice Chong	93,261	12,869	–	–	4,508	–	–	110,638
	<b>218,734</b>	<b>25,451</b>	<b>–</b>	<b>–</b>	<b>13,441</b>	<b>–</b>	<b>–</b>	<b>257,626</b>
<b>Total</b>	<b>978,738</b>	<b>159,860</b>	<b>–</b>	<b>–</b>	<b>39,518</b>	<b>–</b>	<b>–</b>	<b>1,178,116</b>

<sup>1</sup> Estina Ang Suan Hong, Surina Gan Meng Hui are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer, Surina Gan Meng Hui is the Chief Operating Officer, Surina Gan Meng Hui was appointed as Director on 11 January 2010.

<sup>2</sup> Eu Mun Leong resigned on 11 January 2010.

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

On behalf of the Directors



**Estina Ang Suan Hong**

*Executive Chairman*

Singapore, 30 September 2011



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

ANZ Centre  
Level 9  
22 Elizabeth Street  
Hobart TAS 7000  
GPO Box 777  
Hobart TAS 7001 Australia

DX 197  
Tel: +61 (0) 3 6237 7000  
Fax: +61 (0) 3 6237 7001  
[www.deloitte.com.au](http://www.deloitte.com.au)

The Board of Directors  
GLG Corp Ltd  
Level 40 North Point  
100 Miller Street  
NORTH SYDNEY NSW 2060

30 September 2011

Dear Board Members

**GLG Corp Ltd**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GLG Corp Ltd.

As lead audit partner for the audit of the financial statements of GLG Corp Ltd for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

**Rod Whitehead**  
Partner  
Chartered Accountant



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

### Report on the Financial Report

We have audited the accompanying financial report of GLG Corp Ltd, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 26 to 65.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

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

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

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

### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of GLG Corp Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

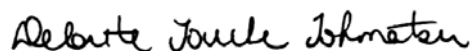
- (a) the financial report of GLG Corp Ltd is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

### **Report on the Remuneration Report**

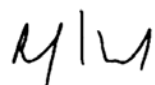
We have audited the Remuneration Report included on pages 17 to 20 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In our opinion the Remuneration Report of GLG Corp Ltd for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Rod Whitehead  
Partner  
Chartered Accountants  
Hobart, 30 September 2011

# DIRECTOR'S DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



**Estina Ang Suan Hong**

Executive Chairman

Singapore, 30 September 2011



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### GLG CORP LTD ANNUAL REPORT 2011

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 US\$'000	2010 US\$'000
Revenue	5	237,885	195,495
Cost of sales		(217,373)	(175,367)
<b>Gross profit</b>		<b>20,512</b>	<b>20,128</b>
Other revenue	5	997	971
Other income	5	1,087	66
Reversal of impairment		–	2,500
Distribution expenses		(1,597)	(1,048)
Administration expenses		(12,535)	(10,823)
Finance costs	6	(1,408)	(1,404)
Impairment expense		(2,000)	–
Other expenses		(1,450)	(1,336)
Share of losses of jointly controlled entities accounted for using the equity method	11	–	(39)
<b>Profit before income tax expense</b>		<b>3,606</b>	<b>9,015</b>
Income tax expense	8	(901)	(1,095)
<b>Profit for the year</b>		<b>2,705</b>	<b>7,920</b>
Other comprehensive income		–	–
<b>Total comprehensive income for the year</b>		<b>2,705</b>	<b>7,920</b>
<b>Earnings per share:</b>			
Basic (cents per share)	19	3.65	10.69
Diluted (cents per share)	19	3.65	10.69

Notes to the financial statements are included on page 30 to 65

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	Consolidated 2011 US\$'000	2010 US\$'000
<b>Current assets</b>			
Cash and cash equivalents	26(a)	10,439	2,031
Trade and other receivables	9	31,313	22,819
Inventory		19	5
Other assets	13	235	226
Other financial assets	10	–	–
<b>Total current assets</b>		<b>42,006</b>	<b>25,081</b>
<b>Non-current assets</b>			
Other financial assets	10	16,557	18,200
Investments accounted for using the equity method	11	–	–
Property, plant and equipment	12	1,274	1,050
<b>Total non-current assets</b>		<b>17,831</b>	<b>19,250</b>
<b>Total assets</b>		<b>59,837</b>	<b>44,331</b>
<b>Current liabilities</b>			
Trade and other payables	14	3,313	5,032
Borrowings	15	16,169	1,081
Current tax liabilities	8(b)	1,026	1,049
<b>Total current liabilities</b>		<b>20,508</b>	<b>7,162</b>
<b>Non-current liabilities</b>			
Borrowings	15	1,460	2,005
Deferred tax liabilities	8(c)	87	87
<b>Total non-current liabilities</b>		<b>1,547</b>	<b>2,092</b>
<b>Total liabilities</b>		<b>22,055</b>	<b>9,254</b>
<b>Net assets</b>		<b>37,782</b>	<b>35,077</b>
<b>Equity</b>			
Issued capital	16	10,322	10,322
Reserves	17	–	–
Retained earnings	18	27,460	24,755
<b>Total equity</b>		<b>37,782</b>	<b>35,077</b>

Notes to the financial statements are included on page 30 to 65

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Issued Capital US\$'000	Financial Guarantee Reserves US\$'000	Retained Profits US\$'000	Total US\$'000
<b>Consolidated</b>					
Balance at 1 July 2009		10,322	3	16,835	27,160
Profit for the year		–	–	7,920	7,920
Other comprehensive income for the year		–	–	–	–
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>–</b>	<b>7,920</b>	<b>7,920</b>
Recognition of financial guarantee fees	17	–	(3)	–	(3)
Payment of dividends	20	–	–	–	–
<b>Balance at 30 June 2010</b>		<b>10,322</b>	<b>–</b>	<b>24,755</b>	<b>35,077</b>
Balance at 1 July 2010		10,322	–	24,755	35,077
Profit for the year		–	–	2,705	2,705
Other comprehensive income for the year		–	–	–	–
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>–</b>	<b>2,705</b>	<b>2,705</b>
Payment of dividends	20	–	–	–	–
<b>Balance at 30 June 2011</b>		<b>10,322</b>	<b>–</b>	<b>27,460</b>	<b>37,782</b>

Notes to the financial statements are included on page 30 to 65

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 US\$'000	2010 US\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		263,895	199,343
Payments to suppliers and employees		(236,769)	(236,913)
Interest and other costs of finance paid		(533)	(387)
Income tax paid		(925)	(705)
<b>Net cash provided by operating activities</b>	26(c)	<b>25,668</b>	<b>12,149</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of property, plant and equipment		5	483
Payment for property, plant and equipment		(613)	(472)
Proceeds on the sale of investment		–	1,950
Repayment of related party loans		(869)	(95)
<b>Net cash (used in)/provided by investing activities</b>		<b>(1,477)</b>	<b>1,866</b>
<b>Cash flows from financing activities</b>			
Additional/ (Repayment) of borrowings		8,346	(92)
Amounts advanced to other parties		(24,992)	(14,895)
Amounts advanced/(Repayment) to related parties		863	(3,759)
<b>Net cash (used in)/provided by financing activities</b>		<b>(15,783)</b>	<b>(18,746)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>8,408</b>	<b>(4,731)</b>
Cash and cash equivalents at the beginning of the financial year		2,031	6,762
<b>Cash and cash equivalents at the end of the financial year</b>	26(a)	<b>10,439</b>	<b>2,031</b>

Notes to the financial statements are included on page 30 to 65



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 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
Level 40 North Point 100 Miller St North Sydney NSW 2060 Australia	41, Changi South Ave 2, Singapore 486153

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

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

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

The financial statements were authorised for issue by the Directors on 30 September 2011.

### Basis of preparation

The financial report has been prepared on the basis of historical cost, except for financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in US dollars, unless otherwise noted.

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

### Adoption of new and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

New and revised Standards and Interpretations effective for the current period that are relevant to the Company include:

- Amendments to AASB 107 "Statement of Cash Flows"
- AASB 2010-3 "Amendments to Australian Accounting Standards arising from the Annual Improvement Project"
- Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or the financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Standards and Interpretations issued not yet effective

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 <i>Financial Instruments</i> (December 2009), AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> , AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2013	30 June 2014
AASB 124 <i>Related Party Disclosures</i> (2009), AASB 2009-12 <i>Amendments to Australian Accounting Standards</i>	1 January 2011	30 June 2012
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2011	30 June 2012
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 January 2011	30 June 2012
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i>	1 July 2011	30 June 2012
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012	30 June 2013
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2013	30 June 2014
AASB 11 <i>Joint Arrangements</i>	1 January 2013	30 June 2014
AASB 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013	30 June 2014
AASB 13 <i>Fair Value Measurement</i>	1 January 2013	30 June 2014
AASB 127 <i>Separate Financial Statements</i> (2011)	1 January 2013	30 June 2014
AASB 128 <i>Investments in Associates and Joint Ventures</i> (2011)	1 January 2013	30 June 2014
AASB 119 <i>Employee Benefits</i> (2011)	1 January 2013	30 June 2014
AASB 2011-9 <i>Amendments to Australian Accounting Standards- Presentation of items of Other Comprehensive Income</i>	1 July 2012	30 June 2013

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

### (a) ***Basis of consolidation***

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 24 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. The consolidated financial statements have been accounted for as reverse acquisition of companies under common control and the consolidated financial statements have been prepared using the reverse acquisition accounting method.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

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

### (b) ***Joint venture arrangements***

#### Jointly controlled entities

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

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

### (c) ***Foreign currency***

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (c) **Foreign currency** (cont'd)

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to Australian Accounting Standards are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to Australian Accounting Standards is treated as a United States dollar denominated asset.

### (d) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

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

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

### (e) **Revenue recognition**

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

#### Sale of goods

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (e) **Revenue recognition** (cont'd)

#### Rendering of services

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

#### Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

### (f) **Income tax**

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (g) **Cash and cash equivalents**

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

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

### (h) **Financial assets**

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

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

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Effective interest method

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

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

#### Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

#### Impairment of financial assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

#### Derecognition of financial assets

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

### (i) **Inventories**

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

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

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are carried in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

### (k) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (l) **Leased assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### (m) **Intangible assets**

#### Patents, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

#### Internally-generated intangible assets - research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (m) **Intangible assets** (cont'd)

#### Internally-generated intangible assets

Internally-generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

- capitalised development costs 5 years

### (n) **Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

#### Defined contribution plans

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

### (o) **Provisions**

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the consolidated entity's liability.

### (p) **Financial instruments issued by the Company**

#### Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

#### Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

#### Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

#### Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

#### Financial liabilities

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

#### Financial liabilities at fair value through profit or loss

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

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 27.

### Other financial liabilities

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

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

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

### (q) ***Reclassification of financial information***

The Company has reassessed its presentation of discounts and rebates received from suppliers to ensure items are classified within the Statement of Comprehensive Income consistent with the company's accounting policy on inventories. Based on this reassessment, it was determined that certain amounts in the Statement of Comprehensive Income recognised within the lines other revenue and other income should be classified and recognised within cost of sales. Overall this reclassification has nil impact on the net profit after tax disclosed in the Statement of Comprehensive Income but the other revenue/other income and cost of sales line items both reduce by US\$964 thousand. Due to this reassessment a reclassification was also completed within the Statement of cash flows with receipts from customers decreasing US\$964 thousand and payments to suppliers decreasing by the same amount. This has nil impact on net cash flow from operating activities and the net cash increase for the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

### *Receivables*

Management refer to the current carrying value of the GLIT receivable (the Company's primary sourcing partner), The carrying value of this receivable has been based on management's judgment and based on various underlying assumptions and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### *Foreign Currency*

The Group enters into certain transactions denominated in foreign currencies to manage the risk associated with anticipated garment export transactions. Further details of foreign currency transactions are disclosed in note 27 to the financial statements.

## 4. SEGMENT INFORMATION

GLG operates in the apparel industry and reports only one reportable segment under AASB 8 "Operating Segments".

## 5. REVENUE

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>Continuing operations</b>		
Revenue from the sale of goods	237,885	195,495
Revenue from the rendering of services	997	971
	<b>238,882</b>	<b>196,466</b>
Other income		
Interest Income	847	–
Other	240	66
	<b>1,087</b>	<b>66</b>
<b>Total other income</b>	<b>1,087</b>	<b>66</b>
	<b>239,969</b>	<b>196,532</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 6. FINANCE COSTS

	Consolidated	
	2011 US\$'000	2010 US\$'000
Interest on loans	124	198
Interest on obligations under finance leases	25	10
Other interest expense	632	813
Total interest expense	781	1,021
Line of credit charges	627	383
	<b>1,408</b>	<b>1,404</b>

## 7. PROFIT FOR THE YEAR BEFORE INCOME TAX EXPENSE

(a) Gains and losses

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

	Consolidated	
	2011 US\$'000	2010 US\$'000
Gain/ (Loss) on disposal of property, plant and equipment	3	345
Allowance written back – doubtful debts	(136)	(119)
Reversal of impairment	–	(2,500)
Impairment expense	2,000	–
Allowance for doubtful receivables	–	–
Net foreign exchange gain/(losses)	(417)	79
Depreciation of non-current assets	387	379
Amortisation of non-current assets	–	–
	<b>387</b>	<b>379</b>
Operating lease rental expenses:		
Minimum lease payments	1,659	1,397
	<b>1,659</b>	<b>1,397</b>
Employee benefit expense:		
Share based payment expense	–	–
Post employment benefits:		
Defined contribution plans	520	459
Other employee benefit	8,185	6,836
Total employee benefit expenses	<b>8,705</b>	<b>7,295</b>
Finance lease interest expenses	25	10

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 8. INCOME TAXES

### (a) Income tax recognised in profit or loss

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>Tax expense comprises:</b>		
Current tax expense in respect of the current year	844	1,000
Adjustments recognised in the current year in relation to the current tax of prior years	57	95
Deferred tax expense relating to the origination and reversal of temporary differences	–	–
<b>Total tax expense</b>	<b>901</b>	<b>1,095</b>
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	3,606	9,015
Income tax expense calculated at 30%	1,082	2,704
Effect of revenue that is exempt from taxation	–	–
Effect of expenses that are not deductible/assessable in determining taxable profit	(668)	(624)
Effect of income not taxable for tax purposes	–	(314)
Effect of tax losses not recognised	259	132
Effects of tax concessions <sup>(i)</sup>	535	348
Effects of tax exempt income	–	(24)
Effects of different tax rates of subsidiaries operating in other jurisdiction	(412)	(1,111)
Utilisation of tax losses of a related company	(85)	(121)
Deferred tax assets not recognised	(1)	–
	<b>710</b>	<b>990</b>
Other	250	10
	<b>960</b>	<b>1,000</b>
Adjustments recognised in the current year in relation to the current tax of prior years	(59)	95
<b>Income tax expense recognised in profit</b>	<b>901</b>	<b>1,095</b>

<sup>(i)</sup> One of the subsidiary companies, Ghim Li Global Pte Ltd was awarded the Global Trader Program status for a period of 5 years from 1 January 2003. The Global Trader Program status were subsequently renewed and extended for another 5 years with effect from 1 January 2008. Subject to the terms and conditions prescribed by the Income Tax Act of Singapore and the Global Trader Program, income derived from qualifying trading transactions is taxed at the concessionary rate of 10%.

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

The Singapore government announced on 15 February 2007 that the corporate income tax rate will be changed from 20% to 18% with effect from the Year of Assessment 2008 after which on 22nd January 2009 there is another corporate tax reduction from 18% to 17% for Year of Assessment 2010 onwards.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 8. INCOME TAXES (cont'd)

### (b) Current tax assets and liabilities

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>Current tax liabilities</b>		
Income tax payable attributable to entities in the consolidated group	1,026	1,049
	<b>1,026</b>	<b>1,049</b>

### (c) Deferred tax balances

Deferred tax liability arise from the following:

	Consolidated						
	Opening balance US\$'000	Charged to income US\$'000	Charged to Equity US\$'000	Acquisitions /disposals US\$'000	Exchange differences US\$'000	Changes in tax rate US\$'000	Closing balance US\$'000
<b>2011</b>							
<b>Temporary differences</b>							
Property, plant and equipment	87	–	–	–	–	–	87
	<b>87</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>87</b>
Unused tax losses and other credits:							
Nil	–	–	–	–	–	–	–
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>87</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>87</b>

Presented in the statement of financial position as follows:

<b>Deferred tax liability</b>	<b>87</b>
-------------------------------	-----------

Deferred tax liability arise from the following:

	Consolidated						
	Opening balance US\$'000	Charged to income US\$'000	Charged to Equity US\$'000	Acquisitions /disposals US\$'000	Exchange differences US\$'000	Changes in tax rate US\$'000	Closing balance US\$'000
<b>2010</b>							
<b>Temporary differences</b>							
Property, plant and equipment	87	–	–	–	–	–	87
	<b>87</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>87</b>
Unused tax losses and other credits:							
Nil	–	–	–	–	–	–	–
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>87</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>87</b>

Presented in the statement of financial position as follows:

<b>Deferred tax liability</b>	<b>87</b>
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 8. INCOME TAXES (cont'd)

### Unrecognised deferred tax assets

	Consolidated	
	2011 US\$'000	2010 US\$'000
The following deferred tax assets have not been brought to account as assets:		
Tax losses – revenue	–	–
Temporary differences	1	81
	<b>1</b>	<b>81</b>

### Unrecognised taxable temporary differences associated with investments and interests

	Consolidated	
	2011 US\$'000	2010 US\$'000
Taxable temporary differences in relation to investments in subsidiaries, branches and associates and interest in joint ventures for which deferred tax liabilities have not been recognised are attributable to the following:		
Subsidiaries	–	–
	<b>–</b>	<b>–</b>

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

## 9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2011 US\$'000	2010 US\$'000
Trade receivables		
Third parties (i)	19,843	39,208
Other party- GLIT group (ii)	36,364	28,088
Related Parties (ii)	15,360	16,223
Other receivables	1,422	1,945
Allowance for doubtful debts	(2,125)	(149)
	<b>70,864</b>	<b>85,315</b>
Less:		
Payable to Other Party- GLIT group (ii)	(4,401)	(21,073)
Bills Payable (i)	(759)	(7,129)
Trust Receipts related to Other party- GLIT group (ii)	(33,018)	(30,662)
Trust Receipts related to Related Parties (ii)	(1,420)	(3,669)
	<b>31,266</b>	<b>22,782</b>
Goods and services tax recoverable	47	37
	<b>31,313</b>	<b>22,819</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 9. TRADE AND OTHER RECEIVABLES (cont'd)

- (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 Group and Related Parties offsets: Presently, and reflected in the Statement of Financial Position at 30 June 2011, when Other Party-GLIT Group 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.

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 against the 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.

Refer also to Note 10 (i) for details of the Ghim Li Group Pte Ltd guarantee issued in respect of the other party-GLIT Group receivable.

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, \$12.5 million (2010: \$9.1 million) is due from Macy the Group's largest customer.

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<u>Age of receivables past due, but not impaired</u>		
60 – 90 days	13	1,152
90 – 120 days	53	13
More than 120 days	2,286	339
Total	2,352	1,504
<u>Movement in the allowance for doubtful debts</u>		
Balance at the beginning of the year	328	2,947
Allowance made during the year	2,023	–
Reversal of impairment - GLIT	–	(2,500)
Reversal of provision for doubtful debts	(179)	(119)
Balance at the end of the year *	2,172	328

\* Includes the provision for doubtful debts for trade receivables and other financial assets.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 10. OTHER FINANCIAL ASSETS

	Consolidated	
	2011 US\$'000	2010 US\$'000
Loans carried at amortised cost <sup>(i)</sup> :		
<u>Current</u>		
Trade receivables – Other Party GLIT group <sup>(i)(a)</sup>	–	–
<b>Total current other financial assets</b>	<b>–</b>	<b>–</b>
<u>Non-current</u>		
Loans and receivables – Other Party GLIT group <sup>(i)(a)(b)</sup>	16,236	18,200
Loans and receivables – Third parties <sup>(ii)</sup>	368	179
	16,604	18,379
Provision for Non-Repayment	(47)	(179)
<b>Total non current other financial assets</b>	<b>16,557</b>	<b>18,200</b>

<sup>(i)</sup> The loans owed by Other Party – GLIT Group consists of two amounts:

<sup>(a)</sup> US\$2,040 thousand (FY2010: US\$1,802) which is the equivalent of a SG\$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.

<sup>(b)</sup> US\$16,236 thousand (FY2010:US\$18,200) is payable over a period of 48 (FY2010:48) months at a fixed interest rate of 5% p.a. commencing 1 July 2010.

Ghim Li Group Pte Ltd has guaranteed 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 is in the form of three undertakings. The first, committed Ghim Li Group Pte Ltd to return the proceeds from any sale of GLG Corp Ltd shares by Ghim Li Group Pte Ltd to GLG Corp Ltd for the outstanding receivables owed by Other Party – GLIT. The second requires GLIT Holdings to pledge proceeds from the sale of a factory held by GLIT Holdings to GLG Corp Ltd. The third requires Estina Ang Suan Hong, the Executive Chairman/CEO of GLG Corp to commit to a personal pledge of US\$10 million.

<sup>(ii)</sup> The long term trade receivable owed by third party has for a provision for non recovery in FY2011 of US\$47 thousand (FY2010: US\$179 thousand).

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2011 US\$'000	2010 US\$'000
Investments in jointly controlled entities	–	–
Reconciliation of movement in investments accounted for using the equity method		
Balance at the beginning of financial year	–	39
Share of losses for the year	–	(39)
	–	–
Additions	–	–
Balance at end of financial year	–	–

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2011 US\$'000	2010 US\$'000
<b>Jointly controlled entities</b>				
JES Apparel LLC	USA	Importer of knitwear products	51	51

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (cont'd)

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

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>Financial position:</b>		
Current assets	777	2,005
Current liabilities	2,044	1,814
Net assets	(1,267)	191
Group's share of jointly controlled entity's net assets	(646)	98
<b>Financial performance:</b>		
Income	4,746	10,303
Expenses	(5,978)	(10,396)
Total loss for investment in joint venture	(1,232)	(93)
Group's share of jointly controlled entity's losses	(628)	(47)

The entity's unrecognised share of losses for the period is US\$628 thousand (2010: US\$8 thousand). The entity's cumulative unrecognised share of losses is US\$636 thousand (2010: US\$8 thousand).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Leasehold improvement at cost US\$'000	Plant & Machinery at cost US\$'000	Furniture Fittings and office equipment at cost US\$'000	Motor Vehicles at cost US\$'000	Total US\$'000
<b>Gross carrying amount</b>					
<b>Balance at 1 July 2009</b>	<b>276</b>	<b>85</b>	<b>3,657</b>	<b>185</b>	<b>4,203</b>
Additions	–	–	289	183	472
Disposals	(267)	–	(10)	(191)	(468)
<b>Balance at 1 July 2010</b>	<b>9</b>	<b>85</b>	<b>3,936</b>	<b>177</b>	<b>4,207</b>
Additions	76	18	209	309	613
Disposals	–	(17)	(16)	–	(33)
Balance at 30 June 2011	85	86	4,129	486	4,787
<b>Accumulated depreciation/ amortisation and impairment</b>					
<b>Balance at 1 July 2009</b>	<b>190</b>	<b>61</b>	<b>2,749</b>	<b>168</b>	<b>3,168</b>
Disposals	(190)	–	(10)	(190)	(390)
Depreciation expense	6	8	327	38	379
<b>Balance at 1 July 2010</b>	<b>6</b>	<b>69</b>	<b>3,066</b>	<b>16</b>	<b>3,157</b>
Disposals	–	(17)	(15)	–	(32)
Depreciation expense	8	8	292	79	387
<b>Balance at 30 June 2011</b>	<b>14</b>	<b>60</b>	<b>3,343</b>	<b>95</b>	<b>3,512</b>
<b>Net book value</b>					
<b>As at 30 June 2010</b>	<b>3</b>	<b>16</b>	<b>870</b>	<b>161</b>	<b>1,050</b>
<b>As at 30 June 2011</b>	<b>71</b>	<b>26</b>	<b>786</b>	<b>391</b>	<b>1,274</b>

There was no depreciation during the year that was capitalised as part of the cost of other assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 13. OTHER ASSETS

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>Current</b>		
Prepayments	235	226

## 14. TRADE AND OTHER PAYABLES

	Consolidated	
	2011 US\$'000	2010 US\$'000
Trade payables <sup>(i)</sup>	267	1,119
Other payables	101	–
Related parties	–	43
Accruals	2,945	3,870
	<b>3,313</b>	<b>5,032</b>

<sup>(i)</sup> 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.

## 15. BORROWINGS

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b><u>Secured – at amortised cost</u></b>		
<b><u>Current</u></b>		
Bank Overdraft	142	9
Bank loans <sup>(i) (ii)</sup>	1,040	982
Trust receipts (Gross) <sup>(i) (iii)</sup>	49,273	34,331
Bills payable (Gross) <sup>(iv)</sup>	759	7,129
Finance lease liabilities	152	90
	<b>51,366</b>	<b>42,541</b>
Less Trust receipt – offsettable	(34,438)	(34,331)
Less Bill payable-offsettable	(759)	(7,129)
<b>Total current borrowings</b>	<b>16,169</b>	<b>1,081</b>
<b><u>Non-current</u></b>		
Bank loans <sup>(i) (ii)</sup>	1,000	1,802
Finance lease liabilities	460	203
<b>Total non-current borrowings</b>	<b>1,460</b>	<b>2,005</b>
Disclosed in the financial statements as:		
Current borrowings	16,169	1,081
Non-current borrowings	1,460	2,005
	<b>17,629</b>	<b>3,086</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 15. BORROWINGS (cont'd)

Summary of borrowing arrangements:

- (i) Secured by corporate guarantee from 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\$2,040 thousand (2010: US\$2,784 thousand) which is repayable by a reducing balance method of 48 monthly average installments of US\$115 thousand (30 June 2010: US\$115 thousand). The average effective interest rate charge is 5% per annum.
- (iii) Trust Receipts offsettable US\$34,438 thousand (30 June 2010: US\$34,331 thousand). See note 9.
- (iv) Bills payable offsettable US\$759 thousand (30 June 2010: US\$7,129 thousand). See note 9.
- (v) Banking relationship: the Group 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 2011 GLG Corp Ltd had financing facilities available of US\$108.5 million (US\$72.6 million was used and US\$35.9 million is unused). This is compared with US\$105.5 million at 30 June 2010 (US\$58.1 million was used and US\$47.2 million was unused). GLG continued to have the strong support of its core banking relationship 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:

	2011	2010
Bank overdrafts	US prime rate	US prime rate
Bank loans	5.02% p.a.	6.82% p.a.
Trust receipts /Bills payable	1.60% -2.25%	1.60% -2.75%
Finance lease liabilities	4.94% p.a.	5.20% p.a.

## 16. ISSUED CAPITAL

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>74,100,000 (2010: 74,100,000) fully paid ordinary shares</b>	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			
	No. '000	2011 US\$'000	No. '000	2010 US\$'000
<b>Fully paid ordinary shares</b>				
Balance at beginning of financial year	74,100	10,322	74,100	10,322
<b>Balance at end of financial year</b>	<b>74,100</b>	<b>10,322</b>	<b>74,100</b>	<b>10,322</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 17. RESERVES

	Consolidated	
	2011 US\$'000	2010 US\$'000
Financial guarantees reserve	–	–
	–	–

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>Financial guarantees reserve</b>		
Balance at beginning of financial year	–	3
Financial guarantees fee recognition	–	(3)
<b>Balance at end of financial year</b>	–	–

## 18. RETAINED EARNINGS

	Consolidated	
	2011 US\$'000	2010 US\$'000
Balance at beginning of financial year	24,755	16,835
Net profit attributable to members of the parent entity	2,705	7,920
<b>Balance at end of financial year</b>	<b>27,460</b>	<b>24,755</b>

## 19. EARNINGS PER SHARE

	Consolidated	
	2011 Cents per share	2010 Cents per share
<b>Basic earnings per share:</b>		
<b>Total basic earnings per share</b>	<b>3.65</b>	<b>10.69</b>
<b>Diluted earnings per share:</b>		
<b>Total diluted earnings per share</b>	<b>3.65</b>	<b>10.69</b>

### Basic earnings per share

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

	Consolidated	
	2011 US\$'000	2010 US\$'000
Net profit	2,705	7,920
Earnings used in the calculation of basic EPS	2,705	7,920

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 19. EARNINGS PER SHARE (cont'd)

	Consolidated	
	2011 No. '000	2010 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	
	2011 US\$'000	2010 US\$'000
Net profit	2,705	7,920
Earnings used in the calculation of diluted EPS	2,705	7,920

	Consolidated	
	2011 No. '000	2010 No. '000
Weighted average number of ordinary shares used in the calculation of basic EPS	74,100	74,100
Weighted average number of ordinary shares used in the calculation of diluted EPS	74,100	74,100

## 20. DIVIDENDS

	2011		2010	
	Cents per share	Total US\$'000	Cents per share	Total US\$'000
<b>Recognised amounts</b>				
<u>Fully paid ordinary shares</u>				
Proposed final fully unfranked ordinary dividend	–	–	–	–

### Unrecognised amounts

In respect of the financial year ended 30 June 2011, the Directors do not recommend the payment of dividend.

## 21. COMMITMENTS FOR EXPENDITURE

### Lease commitments

Finance lease liabilities and non-cancelable operating lease commitments are disclosed in note 23 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 22. CONTINGENT LIABILITIES

	Consolidated	
	2011 US\$'000	2010 US\$'000
Guarantees in lieu of commercial and statutory cash deposits <sup>(i)</sup>	2,962	2,578
Guarantees arising from Letters of credit in force <sup>(ii)</sup>	21,267	12,819
<b>Total</b>	<b>24,229</b>	<b>15,397</b>

<sup>(i)</sup> The amount disclosed represents the Group of the contingent liabilities to the premises rental. The extent to which an outflow of funds will be required is dependent on the future operations of the Group being more or less favourable than currently expected.

<sup>(ii)</sup> A number of contingent liabilities have arisen as a result of the Group's letter of credit issued by banks for purchase of goods on behalf of the former related companies and related party.

## 23. LEASES

### Finance lease liabilities

#### Leasing arrangement

The Group leases motor vehicles and office equipment under finance leases expiring from one to five years. All the leases involve lease payments of a fixed base amount. No contingent rentals were paid during the year (2010: nil)

	Minimum future lease payments Consolidated		Present value of minimum lease payments Consolidated	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
<b>Recognised amounts</b>				
No later than 1 year	176	105	152	90
Later than 1 year and not later than 5 years	427	223	394	203
Later than 5 years	74	–	66	–
Minimum future lease payments *	677	328	612	293
Less future finance charges	(65)	(35)	–	–
<b>Present value of minimum lease payments</b>	<b>612</b>	<b>293</b>	<b>612</b>	<b>293</b>
Included in the financial statements as (note 15)				
Current borrowings			152	90
Non-current borrowings			460	203
			<b>612</b>	<b>293</b>

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

### Operating leases

#### Leasing arrangement

The Group leases property under operating leases expiring from one to five years. Leases generally provide the Group with a right of renewal, at which time all terms are renegotiated. Operating leases for rental of office and warehouse will increase every 3 years at the rate of 9%. No contingent rentals were paid during the year (2010: nil). Note 7 shows the expense recognised in the income statement in respect of operating leases. Renewals are at the option of the specific entity that holds the lease.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 23. LEASES (cont'd)

### Operating leases (cont'd)

#### Non-cancellable operating lease payments

	Consolidated	
	2011 US\$'000	2010 US\$'000
Not longer than 1 year	1,674	1,367
Longer than 1 year and not longer than 5 years	2,004	3,123
Longer than 5 years	–	–
	<b>3,678</b>	<b>4,490</b>

## 24. SUBSIDIARIES

Name of subsidiary	Country of incorporation	Ownership interest	
		2011 %	2010 %
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

## 25. DISPOSAL OF SUBSIDIARY

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

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

	Consolidated	
	2011 US\$'000	2010 US\$'000
Revenue	–	–
Operating expenses	–	–
<b>Profit before income tax</b>	<b>–</b>	<b>–</b>
Income tax expense/(credit)	–	–
<b>Profit after tax</b>	<b>–</b>	<b>–</b>
Net assets disposed of	–	1,950
	–	1,950
<b>Gain on disposal</b>	<b>–</b>	<b>–</b>
Total consideration	–	1,950
<b>Satisfied by cash, and net cash inflow arising on disposal</b>	<b>–</b>	<b>1,950</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 26. NOTES TO THE CASH FLOW STATEMENT

### (a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2011 US\$'000	2010 US\$'000
Cash and cash equivalents	10,439	2,031
	<b>10,439</b>	<b>2,031</b>

### (b) Financing facilities

Unsecured bank overdraft facility, reviewed annually and payable at call:

• Amount used	–	–
• Amount unused	150	–
	<b>150</b>	<b>–</b>

Secured bank loan facilities with various maturity dates and which may be extended by mutual agreement:

• Amount used	72,579	58,117
• Amount unused	35,960	47,364
	<b>108,539</b>	<b>105,481</b>

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

	Consolidated	
	2011 US\$'000	2010 US\$'000
Profit for the year	2,705	7,920
Gain on sale or disposal of non-current assets	(3)	(345)
Impairment expense	2,000	–
Reversal of impairment	–	(2,500)
Depreciation and amortisation of non-current assets	387	380
Provision for doubtful debt	–	10
Share of losses of jointly controlled entities	–	39
Non-cash movements in financial guarantee liabilities and equity settled share-based payment	–	(3)
Non-cash dividends received	–	–
Increase/(decrease) in deferred tax liabilities	–	–
Interest expenses	781	1,021

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 26. NOTES TO THE CASH FLOW STATEMENT (cont'd)

### (c) Reconciliation of profit for the year to net cash flows from operating activities (cont'd)

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:</b>		
(Increase)/decrease in assets:		
Inventories	(14)	35
Trade and other receivables	21,559	3,220
Other assets	(8)	128
Increase/(decrease) in liabilities:		
Trade and other payables	(1, 719)	2,244
Other liabilities	–	–
<b>Net cash from operating activities</b>	<b>25,668</b>	<b>12,149</b>

## 27. FINANCIAL INSTRUMENTS

### (a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2010.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 16, 17 and 18 respectively. In addition, trust receipts are utilized as disclosed in note 9 in managing the capital of the Group.

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

#### Gearing ratio

An integral function of the Group's Board is risk management. The Board reviews the capital structure on a semi-annual basis. As part of this review the Board considers the cost of capital and the risks associated with each class of capital. The Group's gearing is managed internally to meet industry norms. GLG Corp Ltd, as disclosed in earlier notes 9 and 15, has the ability to offset trust receipts with receivables due to the nature of their operations, which has the effect of reducing apparent debt levels. The operation of the trust receipts is detailed in note 9. Based on recommendations of the Board the Group will balance its overall capital structure through the payment of dividends as well as the issue of new debt or the redemption of existing debt.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 27. FINANCIAL INSTRUMENTS (cont'd)

### (a) Capital risk management (cont'd)

The gearing ratio at year end was as follows:

	Consolidated	
	2011 US\$'000	2010 US\$'000
Debt <sup>(i)</sup>	17,629	3,086
Cash and cash equivalents	(10,439)	(2,031)
<b>Net Debt</b>	<b>7,190</b>	<b>1,055</b>
Equity <sup>(ii)</sup>	37,782	35,077
Net debt to equity ratio	19.03%	3.01%

<sup>(i)</sup> Debt is defined as long-term and short-term borrowings, as detailed in note 15.

<sup>(ii)</sup> Equity includes all capital and reserves.

### (b) Categories of financial instruments

	Consolidated	
	2011 US\$'000	2010 US\$'000
<b>Financial assets</b>		
Loans and receivables	47,870	41,017
Cash and cash equivalents	10,439	2,031
<b>Financial liabilities</b>		
Amortised cost	20,942	8,118

### (c) Financial risk management objectives

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

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

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

### (d) Foreign currency risk management

The Group minimises its financial risk of changes in foreign currency exchange rate through the natural hedge of matching a significant portion of its revenues and purchases in US dollars and matching a significant portion of its assets and liabilities in US dollars. The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 27. FINANCIAL INSTRUMENTS (cont'd)

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

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

	Liabilities		Assets	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Singapore dollars	3,116	3,054	888	779
Hong Kong dollars	89	32	123	45
Other	270	143	78	182
	<b>3,475</b>	<b>3,229</b>	<b>1,089</b>	<b>1,006</b>

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

	Liabilities		Assets	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Singapore dollars	–	–	–	–
Other	130	123	38	121
	<b>130</b>	<b>123</b>	<b>38</b>	<b>121</b>

### Foreign currency sensitivity analysis

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

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

	Singapore Dollars Impact		Hong Kong Dollars Impact		Other Foreign Currency Impact	
	Consolidated		Consolidated		Consolidated	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Profit or loss	446	455	(7)	(3)	39	(9)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 27. FINANCIAL INSTRUMENTS (cont'd)

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

#### Interest rate risk management

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

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

#### Interest rate sensitivity analysis

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

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

- net profit would increase by \$52 thousand and decrease by \$11 thousand (2010: increase by \$10 thousand and decrease by \$15 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

### (f) Credit risk management

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

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

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except to the GLIT receivable as disclosed in Note 10. This is supported by the guarantees in Note 10. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 27. FINANCIAL INSTRUMENTS (cont'd)

### (g) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 26(b) is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

### Liquidity and interest risk tables

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

Consolidated	Weighted average effective interest rate %	Less than 1 month S\$'000	1-3 months S\$'000	3 months to 1 years S\$'000	1-5 years S\$'000	5+ years S\$'000
<b>2010</b>						
<b>Financial Assets</b>						
Interest bearing	–	–	–	–	–	–
Non-interest bearing	–	2,031	39,912	1,504	–	18,200
<b>Financial Liabilities</b>						
Non-interest bearing	–	5,032	–	–	–	–
Finance lease liability	5.20%	8	24	58	203	–
Fixed interest rate instruments- bank loan (UOB & IFS)	6.82%	98	297	587	1,802	–
<b>2011</b>						
<b>Financial Assets</b>						
Interest bearing	–	–	–	–	–	–
Non-interest bearing	–	10,439	19,196	2,352	–	16,557
<b>Financial Liabilities</b>						
Non-interest bearing	–	3,313	–	–	–	–
Finance lease liability	4.94%	13	39	100	460	–
Fixed interest rate instruments- bank loan (UOB)	5.02%	97	260	683	1,000	–

The variable interest rates were as follows:

	2011	2010
(i) Other receivables	SIBOR + 1%	SIBOR + 1%
(ii) Bank loans	5.02% p.a.	6.82%
(iii) Finance lease liabilities	4.94%p.a	5.20%p.a
(iv) Trust receipts	1.60% -2.25%	1.60% -2.75%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 27. FINANCIAL INSTRUMENTS (cont'd)

### (h) Fair value of financial instruments

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

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

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

## 28. KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	2011 US\$	2010 US\$
Short-term employee benefits	1,243,899	1,138,598
Post-employment benefits	41,915	39,518
	<b>1,285,814</b>	<b>1,178,116</b>

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

### (a) Key management personnel compensation policy

In relation to senior management the Nomination and Remuneration committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval. In relation to the Executive Chairman, Chief Executive Officer and the Chief Financial Officer, the Nomination and Remuneration committee determines and makes recommendations to the Board on remuneration packages and other terms of employment having regard to the need to attract, retain and develop appropriately skilled people. Remuneration of the senior management team is reviewed on an annual basis having regard to personal and corporate performance and relevant comparative information.

The remuneration of non-executive directors may not exceed in aggregate in any financial period the amount fixed by the Company at the general meeting. Each executive director of the Company has entered into a service agreement with Ghim Li Global Pte Ltd. They are not remunerated separately for being a Director or executive of the Company or other operating entities. Each executive director receives a salary per annum. They may also be entitled to an annual bonus determined by the Nomination and Remuneration committee, in its absolute discretion. Each key management personnel also receives a salary per annum and may also be entitled to an annual bonus determined by the Chief Executive Officer or the Chairman, reviewed by the Nomination and Remuneration Committee, and approved by the Board at the Board's absolute discretion.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 28. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

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

#### Details of key management personnel

The Directors of GLG Corp Ltd during the year were:

- Estina Ang Suan Hong (*Executive Chairman and Chief Executive Officer*)
- Samuel Scott Weiss (*Non-executive Deputy Chairman and Independent Director, resigned on 3 March 2011*)
- Surina Gan Meng Hui (*Director*) (*appointed on 11 January 2010*)
- Christopher Chong Meng Tak (*Independent Director*)
- Ernest Seow Teng Peng (*Independent Director*)
- Yong Yin Min (*Director*)
- Thongviboon (*Independent Director, appointed on 3 March 2011*)

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

- Felicia Gan Peiling (*Senior Vice President – Retail*)
- Alice Chong (*CFO - resigned on 30 April 2011*)
- Kang Eng Chuan (*Financial Controller*)

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

## 29. RELATED PARTY TRANSACTIONS

### (a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 24 to the financial statements

### (b) Transactions with key management personnel

#### (i) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 28 to the financial statements.

Key management personnel equity holdings

Fully paid ordinary shares of GLG Corp Ltd

	Balance at 1 July 10 No.	Granted as compensation No.	Net other change No.	Balance at resignation date at cost No.	Balance as 30 June 11 No.
<b>2011</b>					
Estina Ang Suan Hong	54,560,003	–	–	–	54,560,003
Samuel Scott Weiss *	119,999	–	–	119,999	N/A
Christopher Chong Meng Tak	160,007	–	–	–	160,007
Ernest Seow Teng Peng	99,999	–	–	–	99,999



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 29. RELATED PARTY TRANSACTIONS (cont'd)

	Balance at 1 July 10 No.	Granted as compensation No.	Net other change No.	Balance at resignation date at cost No.	Balance as 30 June 11 No.
<b>2010</b>					
Estina Ang Suan Hong	54,560,003	–	–	–	54,560,003
Samuel Scott Weiss	119,999	–	–	–	119,999
Eu Mun Leong **	116,000	–	–	116,000	N/A
Christopher Chong Meng Tak	160,007	–	–	–	160,007
Ernest Seow Teng Peng	99,999	–	–	–	99,999

\* Sam Weiss resigned 3 March 2011

\*\* Eu Mun Leong resigned 11 January 2010

### (c) Transactions with other related parties

Other related parties include:

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

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date.

Amounts receivable from and payable to these related parties are disclosed in note 10 to the financial statements.

### Transactions involving other related parties

### (d) Parent entities

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

### Chairman – Estina Ang Suan Hong

The major shareholder and Chairman has personally undertake to guarantee the repayment of other party GLIT receivable of US\$10 million as disclosed in note 10.

In addition GLG has a director loan from the Chairman of US\$40 thousand in financial year 2011 with a payable at 30 June 2011 of US\$40 thousand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 30. 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.

## 31. REMUNERATION OF AUDITORS

	Consolidated	
	2011 US\$	2010 US\$
<b>Auditor of the parent entity</b>		
Audit or review of the financial report	93,819	203,791
Tax services	5,644	4,468
Other non- audit services	–	–
	<b>99,463</b>	<b>208,259</b>
<b>Related Practice of the parent entity auditor</b>		
Audit or review of the subsidiaries	308,369	350,218
Preparation of the tax return of subsidiaries	13,331	116,844
	<b>321,700</b>	<b>467,062</b>

The auditor of *GLG Corp Ltd* is Deloitte Touche Tohmatsu.

The related practices are Deloitte & Touche Singapore, Deloitte & Touche Hong Kong, Dominguez of Asociados

## 32. PARENT ENTITY DISCLOSURES

*Financial position*

	2011 US\$'000	2010 US\$'000
<b>Assets</b>		
Current assets	838	925
Non-current assets	30,000	30,000
Total assets	<b>30,838</b>	<b>30,925</b>
<b>Liabilities</b>		
Current liabilities	1,767	1,329
Non-current liabilities	42	20
Total liabilities	<b>1,809</b>	<b>1,349</b>
<b>Equity</b>		
Issued capital	53,552	53,552
Accumulated Losses	(24,523)	(23,976)
Total equity	<b>29,029</b>	<b>29,576</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 32. PARENT ENTITY DISCLOSURES (cont'd)

### *Financial performance*

	2011 US\$'000	2010 US\$'000
Loss for the year	(547)	(209)
Other comprehensive income	–	–
Total comprehensive income	(547)	(209)

### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

	2011 US\$'000	2010 US\$'000
Corporate guarantee for its subsidiaries	–	–

# ADDITIONAL STOCK EXCHANGE INFORMATION

AS AT 22 AUGUST 2011

## NUMBER OF HOLDERS OF EQUITY SECURITIES

### Ordinary share capital

74,100,000 fully paid ordinary shares are held by 510 individual shareholders.

All issued ordinary shares carry one vote per share.

## DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Range	Securities	%	No of Holders	%
100,001 and Over	71,200,193	96.09	25	5.21
10,001 to 100,000	1,827,157	2.47	46	9.58
5,001 to 10,000	251,790	0.34	28	5.83
1,001 to 5,000	813,210	1.10	370	77.08
1 to 1,000	7,650	0.01	11	2.29
<b>Total</b>	<b>74,100,000</b>	<b>100.00</b>	<b>480</b>	<b>100.00</b>
Unmarketable Parcels	680,200	0.92	349	72.71

## SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the GLG Corp Ltd register as at 22 August 2011 were:

Ordinary shareholders	Fully paid ordinary shares	
	Number	Percentage
Estina Suan Hong Ang	54,560,003	73.63%
Mr Yoke Min Pang	8,304,751	11.21%
	<b>62,864,754</b>	<b>84.84%</b>

# ADDITIONAL STOCK EXCHANGE INFORMATION

AS AT 22 AUGUST 2011

## TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Range	Securities	%	No of Holders	%
Ghim Li Group Pte Ltd	50,116,003	67.63%	–	–
Mr Yoke Min Pang	5,404,751	7.29%	–	–
HSBC Custody Nominees (Australia) Limited	4,304,900	5.81%	–	–
Ghim Li Capital 2 Pte Ltd	2,222,000	3.00%	–	–
Ghim Li Capital 1 Pte Ltd	2,222,000	3.00%	–	–
Ngui Choon Ming	1,798,000	2.43%	–	–
Mr Ah Yian Au	1,322,957	1.79%	–	–
Gowing Bros Limited	830,903	1.12%	–	–
Gwynvill Trading Pty Limited	450,000	0.61%	–	–
Dixson Trust Pty Limited	330,000	0.45%	–	–
Markess Trustee Limited	250,000	0.34%	–	–
Mr Gerald Rancis Pauley & Mr Michael James	226,500	0.31%	–	–
Kam Hing Piece Works Ltd	206,010	0.28%	–	–
Mr Makram Hanna & Mrs Rita Hanna	205,000	0.28%	–	–
Ang Leong Aik	200,000	0.27%	–	–
National Nominees Limited	185,953	0.25%	–	–
Mr Robert Thomas Bishop	156,000	0.21%	–	–
Chean Moy Seng	150,000	0.20%	–	–
Milton Yannis	139,617	0.19%	–	–
UOB Kay Hian Pprivate Limited	133,600	0.18%	–	–
	<b>70,854,194</b>	<b>95.64%</b>	<b>–</b>	<b>–</b>

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## CORPORATE DIRECTORY

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### **SINGAPORE HEAD OFFICE**

Ghim Li Global Pte Ltd  
No. 41, Changi South Ave 2  
Singapore 486153

### **AUSTRALIA HEAD OFFICE**

GLG Corp Ltd (Registered Office)  
Level 40, Northpoint  
100 Miller St  
North Sydney NSW 2060  
Australia  
Website: <http://www.glgcorpltd.com>  
ASX Stock Code: GLE

### **DIRECTORS**

Estina Ang Suan Hong  
Samuel Scott Weiss  
Christopher Chong Meng Tak  
Ernest Seow Teng Peng  
Yong Yin Min  
Surina Gan Meng Hui  
Thongviboon

### **COMPANY SECRETARY**

Ms Joanne Bourke

### **SHARE REGISTRY**

Link Market Services Limited  
Level 1, 333 Collins Street  
Melbourne VIC 3000  
Australia

### **AUDITOR OF THE COMPANY**

Deloitte Touche Tohmatsu  
ANZ Centre  
Level 9, 22 Elizabeth Street  
Hobart TAS 7000  
Australia

### **Cautionary Statement**

*Some statements contained in this annual report are not of historical facts but are statements of future expectation with respect to financial conditions, results of operations and business, and related plans and objectives. Such forward-looking statements are based on GLG Corp Ltd's current views and assumptions including but not limited to, prevailing economic and market conditions and currently available information. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements. It should be noted that the actual performance or achievements of GLG Corp Ltd may vary significantly from such statements.*



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**GLG CORP LTD**  
ANNUAL REPORT **2011**



**AUSTRALIA HEAD OFFICE**

GLG Corp Ltd (Registered Office)  
Level 40, Northpoint, 100 Miller St, North Sydney NSW 2060, Australia

**SINGAPORE HEAD OFFICE**

Ghim Li Global Pte Ltd  
No. 41, Changi South Ave 2, Singapore 486153



<http://www.glgcorpltd.com>