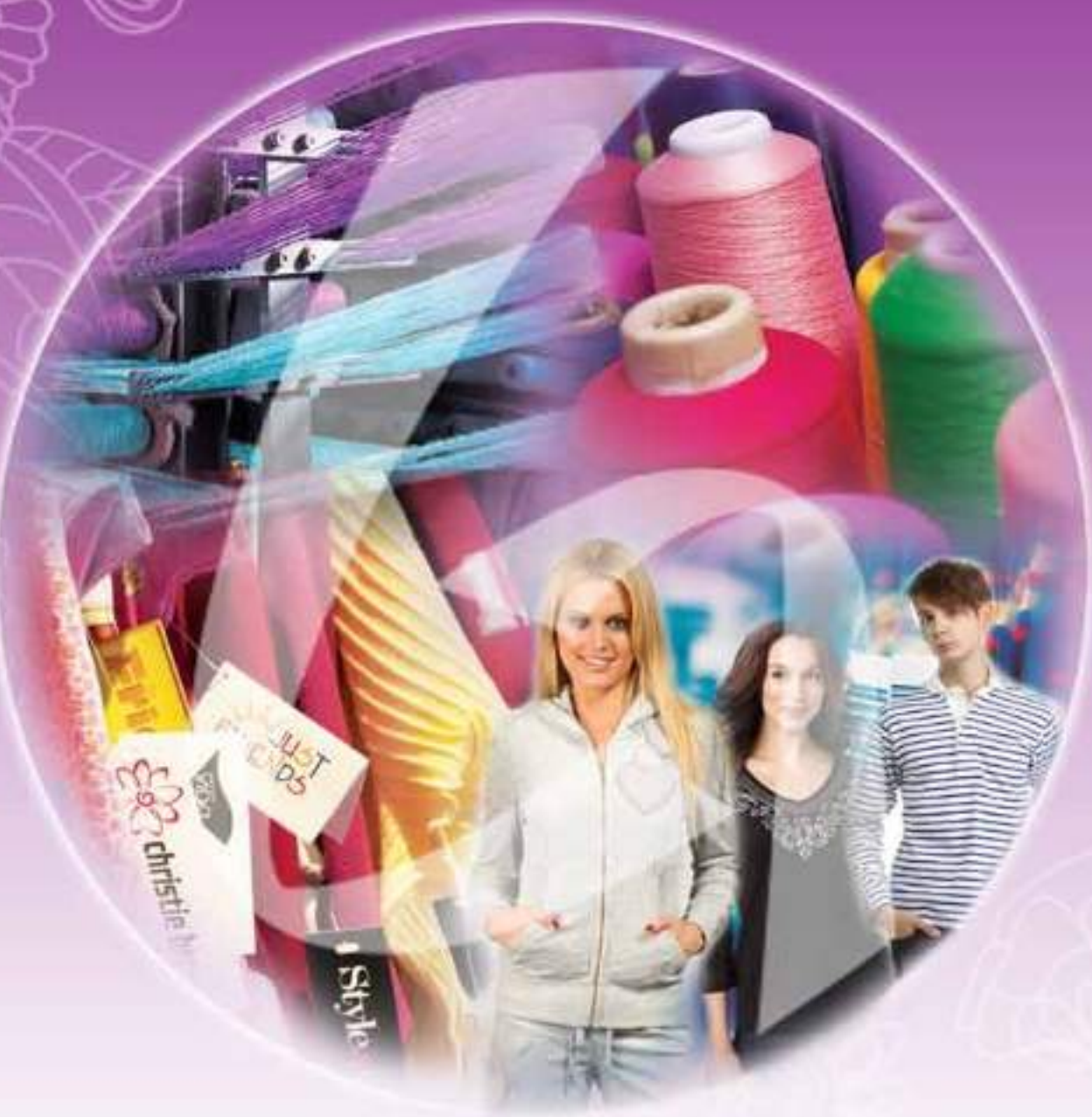


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GLG CORP LTD
ANNUAL REPORT 2012



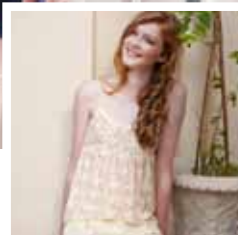
CUSTOMER-CENTRIC DESIGNS

Trend Focused Sample Development



ghim li
Group of Companies

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Ghim Li forges strong bonds and partnerships with buyers while collaborating with them through the full product development process that extends to encompass:

- Detailed, country specific market research
- Latest in global , emerging market trends and material
- Frequent brainstorming and ideation sessions
- Specially tailored, client specific development programs
- Technical and industry advice.



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Ghim Li's strength in Product Development & Design has always provided a distinct edge in business.

An experienced team of in-house designers are and have:

- Highly service oriented
- International presence
- Global market perspective
- Experience in dealing with diverse clientele
- Created company's private label



At Ghim Li, our PD&D department provides:

- Market Research & Intelligence
- Sourcing
- Design & Development
- Highly Customized Programs
- Value Add Services



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CHAIRPERSON / CEO'S SPEECH

WE STRONGLY BELIEVE THAT UNITY IS OUR STRENGTH, AS WE WORK AND WIN AS ONE



Estina Ang Suan Hong
Executive Chairman

FYE Jun 2012 was a year of economic uncertainty across the US and European markets as consumer confidence in the US Dollar and Euro declined and showed slow signs of recovery. For cotton, it was a consolidation year with prices recomposing between USD100.00 to USD80.00. At the point in time of writing, the cotton price has fallen back to the level before Dec 2010 of USD70.00. With cotton price falling the pressure on gross profit margin eased.

Turning opportunities into outcomes by leveraging on strategic partnerships with customers like Macys, Aeropostale, Walmart and Target, GLG recorded a decent profit of USD7.5million with a return on average equity of 18.1% for FYE Jun 2012.

With the lower cotton price, the company incurred less working investment funding. Along with the increased retained earnings, the company embarked on a strategy of deleveraging. Seeing the world major economies being uncertain and the financial markets volatile, it was deemed prudent to reduce our leverage from 1.63% in Jun 2011 to 0.90% in Jun 2012. The company is financially stronger today and is less dependent on volatile bank financing.

Turning insight into action, GLG will continue to consolidate its financial position as we anticipate the US market growing in a low single digit number and the Eurozone in decline. We will need to utilize freed up resources to invest in new innovations and smarter infrastructure as well as to purchase capital assets to support our strategic suppliers. The company will remain conservative and largely fund such purchases from retained earnings and new equity.

In managing the velocity of change in today's market and business, GLG focused on its software and recently acquired the expertise of 2 senior vice presidents to further bolster our services to our customers and to reinvent existing relationships, create new markets and profit opportunities.

The company has similarly recognized the need to manage the volume, variety and velocity of information flow. In response, GLG has set up a Sub-Headquarters in Johor, Malaysia, and new Sales office in New York USA, enabling it to connect with partners and customers in richer deeper ways to turn our customers, into champions.

At GLG, we strongly believe that unity is our strength. As we work and win as one, I would like to once again thank our customers, suppliers, shareholders, banks, independent directors and our staff for their continual support and solidarity that have helped us weather two crises in 4 years. We will continue to build financial and business strengths to meet the continuing uncertainties ahead.

A stylized, handwritten signature in black ink, consisting of a large loop and several strokes.

Estina Ang Suan Hong
Executive Chairman

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

The Board of Directors of GLG Corp Ltd ("GLG" or "the Company") are committed to good corporate governance taking into account the Company's size and activities and has a range of policies and processes in place to ensure the rights of the Company and our shareholders are protected. The table below summarises the Company's compliance with the Corporate Governance Council's Recommendations and following the table is detail in regards to the compliance with these Recommendations.

Principle	ASX Corporate Governance Council Recommendations - 2nd Edition (including updates applicable from 1 January 2011)	Comply?
1.	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives.	No
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes
2.	Structure the board to add value	
2.1	A majority of the board should be independent directors	No
2.2	The chairman should be an independent director	No
2.3	The role of the chairman and the CEO should not be filled by the same individual	No
2.4	The board should establish a nomination committee	Yes
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	No
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes
3	Promote ethical and responsible decision making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes
4.	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	Yes
4.2	Structure the audit committee so that it consists of: <ul style="list-style-type: none"> • only non-executive directors • a majority of independent directors • an independent chairperson, who is not chairperson of the board • at least three members. 	Yes Yes Yes Yes
4.3	The audit committee should have a formal charter.	Yes
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

5. Make timely and balanced disclosure

- | | | |
|-----|--|-----|
| 5.1 | Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. | Yes |
| 5.2 | Companies should provide the information indicated in the Guide to reporting on Principle 5. | Yes |

6. Respect the rights of shareholders

- | | | |
|-----|--|-----|
| 6.1 | Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. | Yes |
| 6.2 | Companies should provide the information indicated in the Guide to reporting on Principle 6. | Yes |

7. Recognise and manage risk

- | | | |
|-----|---|-----|
| 7.1 | Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | Yes |
| 7.2 | The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. | Yes |
| 7.3 | The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 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. | Yes |
| 7.4 | Companies should provide the information indicated in the Guide to reporting on Principle 7. | Yes |

8. Remunerate fairly and responsibly

- | | | |
|-----|---|-----|
| 8.1 | The board should establish a remuneration committee. | Yes |
| 8.2 | The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent chair • has at least three members | Yes |
| 8.3 | Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. | Yes |
| 8.4 | Companies should provide the information indicated in the Guide to reporting on Principle 8. | Yes |

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 regularly 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.

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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	Lead Independent Director
Ernest Seow Teng Peng	Independent Director
Thongviboon	Independent Director

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 pages 10 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 – 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 practices were in place throughout the period ended 30 June 2012. 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.

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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.

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 require and benefits from the involvement of directors who have a range of specialised knowledge of, and expertise in, this business sector.

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. Christopher Chong Meng Tak is the lead independent director, 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 the Remuneration and 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 recommendations 1.2 and 2.5 requires the disclosure of the process for performance evaluation of the board, its committees and individual directors and senior executives. 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. The Company believes the processes adopted are effective and efficient. There are currently no schemes for retirement benefits, for any directors.

A board evaluation was undertaken using an evaluation questionnaire.

DIVERSITY

The Company has implemented a Diversity Policy. The Company recognises the benefits of a diverse workforce and is committed to providing an environment that encourages diversity. The Board monitors the diversity profile of its workforce. As the Company already has gender diversity as evidenced by the proportion of women reported below, the Board has not set any measurable objectives.

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

At 30 June 2012, the proportion of women employed by GLG Corp Ltd was:

- Board of Directors 33%
- Senior Executives 53%
- Total Workforce 66%

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.

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 2012

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 2012. 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:

ESTINA ANG SUAN HONG



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.

CHRISTOPHER CHONG MENG TAK



Lead Independent Director, joined the Board on 12 October 2005. Mr Chong is a member of the Audit Committee and the Chairman of the Nomination and Remuneration 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 2012

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 an Independent Director of CK Tang Ltd and SSH Corporation Limited, all 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 Master's Degree in Business Administration from the University of Toronto and a Master's 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 2012

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.

Ma Surina Gan Meng Hui 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



Independent Director, joined the Board on 3 March 2011. Thongviboon is a member of the Audit Committee.

Thongviboon has extensive experience in business modelling and development, treasury management, financial accounting, internal controls and fraud prevention. 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.

Thongviboon was a director and shareholder of various joint-ventures in China, Thailand, Australia and New Zealand.

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 2012

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
Christopher Chong Meng Tak	Lorenzo International Limited	Since 2006
	ASL Marine Holdings Ltd	Since 2006
	SKY China Petroleum Services Ltd	Since 2004 to 2010
	Koon Holdings Limited	Since 2003
	Xpress Holdings Limited	Since 2001
	Koda Ltd	Since 2001
	Yingli International Real Estate 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	-
Christopher Chong Meng Tak	160,007	-
Ernest Seow Teng Peng	99,999	-

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 no share options (2011: 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. Her previous experience includes 5 years 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 was Company Secretary for ASX listed Elk Petroleum Ltd until December 2011.

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 increased 178.15% to \$7,524 thousand, against a net profit of \$2,705 thousand in the previous year. The increase was due to a higher gross margin being generated and lower finance costs.

Cost of sales decreased 4.62% to \$207,333 thousand compared to cost of sales of \$217,373 thousand in the previous year. The decrease was due to lower material costs.

GLG's gross profit was \$28,877 thousand compared to a gross profit of \$20,512 thousand in the previous year. Gross margin increased by 3.61% to 12.23% compared to 8.62% in the previous year. The increase was largely attributed to lower material costs.

Selling and distribution costs decreased by 25.55% to \$1,189 thousand compared to \$1,597 thousand in the previous year. The decrease in the expenses was mainly due by lower cost of design.

Administration expense increased 14.71% to \$14,379 thousand compared to \$12,535 thousand in the previous year. The increase was mainly due to higher manpower costs.

Other expenses increased 330.97% to \$6,249 thousand compared to \$1,450 thousand in the previous year. The increase was mainly due to unexpected losses from forward currency contracts to hedge foreign currency exposure and commitment fees claimed by apparel manufacturers for the under-utilization of the manufacturing capacity in accordance with the outsourcing agreement.

Trade and other receivables decreased 5.26% to \$63,012 thousand as at 30 June 2012 compared to \$66,510 thousand as at 30 June 2011. This decrease was mainly due to lower amounts receivable from related parties.

Other Non-Current Financial Assets has decreased by \$5,247 thousand, or 31.69% to \$11,310 thousand as at 30 June 2012 compared to \$16,557 thousand as at 30 June 2011. The decrease was mainly due to lower amount due from other party-GLIT group.

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Total current payables and borrowings decrease by \$15,226 thousand, or 27.85%, to \$39,453 thousand as at 30 June 2012 compared to \$54,679 thousand as at 30 June 2011. The decline was largely due to lower borrowings as a results of lower material costs.

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

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 2012, 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 2011, 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 (2011: Nil).

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.

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 4 Board meetings, 0 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	4	4	–	–	–	–
Ernest Seow Teng Peng	4	4	–	–	3	3
Christopher Chong Meng Tak	4	4	–	–	3	3
Yong Yin Min	4	4	–	–	–	–
Surina Gan	4	4	–	–	–	–
Thongviboon	4	3	–	–	2	2

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 29 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 29 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.

AUDITOR'S INDEPENDENCE DECLARATION

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

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 2012. 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.

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*)
- Christopher Chong Meng Tak (*Lead Independent Director*)
- Ernest Seow Teng Peng (*Independent Director*)
- Yong Yin Min (*Director*)
- Surina Gan Meng Hui (*Director and Chief Operating Officer*)
- Thongviboon (*Independent Director*)

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*)
- Kang Eng Chuan (*Financial Controller*)

REMUNERATION POLICY

The remuneration for Key Management Personnel is determined as follows:

- For the Executive Chairman, Chief Executive 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 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.
- For executives the Nomination and Remuneration Committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval. Remuneration is reviewed on an annual basis having regard to personal and corporate performance and relevant comparative information.

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 2012:

	30 June 2012 US\$'000	30 June 2011 US\$'000	30 June 2010 US\$'000	30 June 2009 US\$'000	30 June 2008 US\$'000
Revenue from all sources	237,891	239,969	196,532	197,515	210,356
Net profit before tax	8,051	3,606	9,015	3,006	7,144
Net profit after tax	7,524	2,705	7,920	2,083	6,324
Share price at start of year	\$0.24	\$0.28	\$0.16	\$0.26	\$0.85
Share price at end of year	\$0.21	\$0.24	\$0.28	\$0.16	\$0.26
Final dividend (unfranked)	–	–	–	–	–
Basic earnings per share	10.15 cps	3.65 cps	10.69 cps	2.81 cps	8.53 cps
Diluted earnings per share	10.15 cps	3.65 cps	10.69 cps	2.81 cps	8.53 cps

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; and
- 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.

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.

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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				
2012	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Directors								
Estina Ang Suan Hong ¹	478,423	–	–	–	4,195	–	–	482,618
Christopher Chong Meng Tak	52,057	–	–	–	–	–	–	52,057
Ernest Seow Teng Peng	52,051	–	–	–	–	–	–	52,051
Yong Yin Min	95,686	–	–	–	4,195	–	–	99,881
Surina Gan Meng Hui ¹	175,103	–	–	–	7,488	–	–	182,591
Thongviboon	29,169	–	–	–	–	–	–	29,169
	882,489	–	–	–	15,878	–	–	898,367
Executives								
Felicia Gan Peiling	93,447	–	–	–	7,488	–	–	100,935
Kang Eng Chuan	84,194	9,914	–	–	8,277	–	–	102,385
	177,641	9,914	–	–	15,765	–	–	203,320
Total	1,060,130	9,914	–	–	31,643	–	–	1,101,687

¹ 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.

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	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\$
Directors								
Estina Ang Suan Hong ¹	464,181	77,441	–	–	9,592	–	–	551,214
Samuel Scott Weiss ⁴	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 ¹	157,921	35,546	–	–	11,609	–	–	205,076
Thongviboon	–	–	–	–	–	–	–	–
	862,465	124,603	–	–	25,502	–	–	1,012,570
Executives								
Felicia Gan Peiling	87,967	11,616	–	–	8,020	–	–	107,603
Kang Eng Chuan ³	52,407	–	–	–	4,715	–	–	57,122
Alice Chong ²	93,255	11,616	–	–	3,678	–	–	108,519
	233,599	23,232	–	–	16,413	–	–	273,244
Total	1,096,064	147,835	–	–	41,915	–	–	1,285,814

¹ 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.

² Alice Chong resigned on 30 April 2011.

³ Kang Eng Chuan appointed as Financial Controller.

⁴ Samuel Scott Weiss resigned on 3 March 2011.

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, 28 September 2012

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

28 September 2012

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 2012, 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

DELOITTE TOUCHE TOHMATSU



Carl Harris
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 statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the 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 24 to 64.

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 gives a true and fair view and 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 company'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 company'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 2012 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 in pages 17 to 20 of the directors' report for the year ended 30 June 2012. 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 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Carl Harris
Partner
Chartered Accountants
Hobart, 28 September 2012

DIRECTOR'S DECLARATION

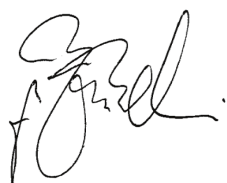
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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) in the Directors' opinion, 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, 28 September 2012

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 US\$'000	2011 US\$'000
Revenue	5	236,210	237,885
Cost of sales		(207,333)	(217,373)
Gross profit		28,877	20,512
Other revenue	5	445	997
Other income	5	1,236	1,087
Distribution expenses		(1,189)	(1,597)
Administration expenses		(14,379)	(12,535)
Finance costs	6	(690)	(1,408)
Impairment expense		–	(2,000)
Other expenses		(6,249)	(1,450)
Profit before income tax expense		8,051	3,606
Income tax expense	8	(527)	(901)
Profit for the year		7,524	2,705
<i>Other comprehensive income</i>		–	–
Total comprehensive income for the year		7,524	2,705
Earnings per share:			
Basic (cents per share)	18	10.15	3.65
Diluted (cents per share)	18	10.15	3.65

Notes to the financial statements are included on page 30 to 64.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	2012 US\$'000	Consolidated 2011 US\$'000	2010 US\$'000
Current assets				
Cash and cash equivalents	24(a)	9,602	10,439	2,031
Trade and other receivables	9	63,012	66,510	64,279
Inventory		86	19	5
Other assets	13	280	235	226
Other financial assets	10	344	–	–
Total current assets		73,324	77,203	66,541
Non-current assets				
Other financial assets	10	11,310	16,557	18,200
Investments accounted for using the equity method	11	–	–	–
Property, plant and equipment	12	1,500	1,274	1,050
Total non-current assets		12,810	17,831	19,250
Total assets		86,134	95,034	85,791
Current liabilities				
Trade and other payables	14	3,910	3,313	5,032
Borrowings	15	35,543	51,366	42,541
Current tax liabilities	8(b)	971	1,026	1,049
Total current liabilities		40,424	55,705	48,622
Non-current liabilities				
Borrowings	15	317	1,460	2,005
Deferred tax liabilities	8(c)	87	87	87
Total non-current liabilities		404	1,547	2,092
Total liabilities		40,808	57,252	50,714
Net assets		45,306	37,782	35,077
Equity				
Issued capital	16	10,322	10,322	10,322
Retained earnings	17	34,984	27,460	24,755
Total equity		45,306	37,782	35,077

Notes to the financial statements are included on page 30 to 64.

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Issued Capital US\$'000	Retained Profits US\$'000	Total US\$'000
Consolidated				
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		–	–	–
Total comprehensive income for the year		–	2,705	2,705
Payment of dividends	19	–	–	–
Balance at 30 June 2011		10,322	27,460	37,782
Balance at 1 July 2011		10,322	27,460	37,782
Profit for the year		–	7,524	7,524
Other comprehensive income for the year		–	–	–
Total comprehensive income for the year		–	7,524	7,524
Payment of dividends	19	–	–	–
Balance at 30 June 2012		10,322	34,984	45,306

Notes to the financial statements are included on page 30 to 64.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 US\$'000	2011 US\$'000
Cash flows from operating activities			
Receipts from customers		243,058	263,895
Payments to suppliers and employees		(228,284)	(236,769)
Interest and other costs of finance paid		(459)	(533)
Income tax paid		(582)	(925)
Net cash provided by operating activities	24(c)	13,733	25,668
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		40	5
Payment for property, plant and equipment		(878)	(613)
Repayment of related party loans		(1,068)	(869)
Net cash (used in)/provided by investing activities		(1,906)	(1,477)
Cash flows from financing activities			
Additional/ (Repayment) of borrowings		(15,151)	8,346
Amounts advanced to related parties		7,216	863
Amounts advanced to other parties		(4,729)	(24,992)
Net cash (used in)/provided by financing activities		(12,664)	(15,783)
Net increase/ (decrease) in cash and cash equivalents		(837)	8,408
Cash and cash equivalents at the beginning of the financial year		10,439	2,031
Cash and cash equivalents at the end of the financial year	24(a)	9,602	10,439

Notes to the financial statements are included on page 30 to 64.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 comprises the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statement, the company is a for-profit entity.

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 28 September 2012.

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:

- AASB 124 Related Party Disclosures (2009), AASB 2009-12 Amendments to Australia Accounting Standards.
- AASB 2010-5 Amendments to Australia Accounting Standards
- AASB 2010-6 Amendments to Australia Accounting Standards – Disclosures on transfer of financial assets

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 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

During the year the Company adopted the following Standards in advance of the effective date which impacted presentation and disclosure:

- AASB 2012-3 Amendments to Australia Accounting Standards – Offsetting financial assets and financial liabilities and AASB 2012-2 Amendments to Australia Accounting Standards Disclosures – Offsetting financial assets and financial liabilities.

Details of this impact are disclosed in notes 9 and 15.

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 Financial Instruments (December 2009), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 January 2015	30 June 2016
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets	1 January 2012	30 June 2013
AASB 10 Consolidated Financial Statements	1 January 2013	30 June 2014
AASB 11 Joint Arrangements	1 January 2013	30 June 2014
AASB 12 Disclosure of Interests in Other Entities	1 January 2013	30 June 2014
AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	30 June 2014
AASB 127 Separate Financial Statements (2011)	1 January 2013	30 June 2014
AASB 128 Investments in Associates and Joint Ventures (2011)	1 January 2013	30 June 2014
AASB 119 Employee Benefits (2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)	1 January 2013	30 June 2014
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of items of Other Comprehensive Income	1 July 2012	30 June 2013
AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	1 January 2015	30 June 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 23 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) **Business combinations**

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) **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.

(d) **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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. 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.

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 at the end of each reporting period. 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 recognised in other Comprehensive Income and accumulated in equity.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) **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.

(f) **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.

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.

(g) **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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) **Income tax** (cont'd)

Deferred tax (cont'd)

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 Consolidated Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(h) **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.

(i) **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's 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) **Financial assets** (cont'd)

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 premiums 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 the end of each reporting period. 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.

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.

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 collateralised borrowings for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) **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.

(k) **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

(l) **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.

(m) **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 Statement of Financial Position 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) **Leased assets** (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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 Statement of Financial Position 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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 25.

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) **Derivative financial instruments**

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts.

Further details of derivative financial instruments disclosed in note 25.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 recoverability of 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 25 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	
	2012 US\$'000	2011 US\$'000
Continuing operations		
Revenue from the sale of goods	236,210	237,885
Revenue from the rendering of services	445	997
	236,655	238,882
Other income		
Interest Income	746	847
Other	490	240
	1,236	1,087
Total other income	1,236	1,087
	237,891	239,969

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

6. FINANCE COSTS

	Consolidated	
	2012 US\$'000	2011 US\$'000
Interest on loans	79	124
Interest on obligations under finance leases	25	25
Other interest expense	355	632
Total interest expense	459	781
Line of credit charges	231	627
	690	1,408

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	(14)	(3)
Allowance written back – doubtful debts	–	(136)
Impairment expense	–	2,000
Allowance for doubtful receivables	79	–
Net foreign exchange (gain)/losses	2,339	417
Depreciation of non-current assets	626	387
Amortisation of non-current assets	–	–
Operating lease rental expenses:		
Minimum lease payments	1,767	1,659
Employee benefit expense:		
Post-employment benefits:		
Defined contribution plans	618	520
Other employee benefit	8,550	8,185
Total employee benefit expenses	9,168	8,705
Finance lease interest expenses	25	25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

8. INCOME TAXES

(a) Income tax recognised in profit or loss

	Consolidated	
	2012 US\$'000	2011 US\$'000
Tax expense comprises:		
Current tax expense in respect of the current year	611	844
Adjustments recognised in the current year in relation to the current tax of prior years	(84)	57
Total tax expense	527	901
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	8,051	3,606
Income tax expense calculated at 30%	2,415	1,082
Effect of expenses that are not deductible/assessable in determining taxable profit	(1,452)	(668)
Effect of tax losses not recognised	-	259
Effects of tax concessions ⁽ⁱ⁾	112	535
Effects of different tax rates of subsidiaries operating in other jurisdiction	(828)	(412)
Utilisation of tax losses of a related company	(131)	(85)
Deferred tax assets not recognised	-	(1)
	116	710
Other	495	250
	611	960
Adjustments recognised in the current year in relation to the current tax of prior years	(84)	(59)
Income tax expense recognised in profit	527	901

⁽ⁱ⁾ 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 was subsequently renewed and extended for another 5 years with effect from 1 July 2012. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

8. INCOME TAXES (cont'd)

(b) Current tax assets and liabilities

	Consolidated	
	2012 US\$'000	2011 US\$'000
Current tax liabilities		
Income tax payable attributable to entities in the consolidated group	971	1,026
	971	1,026

(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
2012							
Temporary differences							
Property, plant and equipment	87	–	–	–	–	–	87
	87	–	–	–	–	–	87
Unused tax losses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	87	–	–	–	–	–	87

Presented in the statement of financial position as follows:

Deferred tax liability	87
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	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
2011							
Temporary differences							
Property, plant and equipment	87	–	–	–	–	–	87
	87	–	–	–	–	–	87
Unused tax losses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	87	–	–	–	–	–	87

Presented in the statement of financial position as follows:

Deferred tax liability	87
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

8. INCOME TAXES (cont'd)

Unrecognised deferred tax assets

	Consolidated	
	2012 US\$'000	2011 US\$'000
The following deferred tax assets have not been brought to account as assets:		
Tax losses – revenue	–	–
Temporary differences	1	1
	1	1

Unrecognised taxable temporary differences associated with investments and interests

	Consolidated	
	2012 US\$'000	2011 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	–	–
	–	–

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	
	2012 US\$'000	2011 US\$'000
Trade receivables	19,790	19,843
Third parties	36,691	36,364
Other party- GLIT group	8,254	15,360
Related Parties	977	1,422
Other receivables		
Allowance for doubtful debts	(2,624)	(2,125)
	63,088	70,864
Less:		
Payable to Related Parties	(110)	–
Payable to Other Party- GLIT group	–	(4,401)
	62,978	66,463
Goods and services tax recoverable	34	47
	63,012	66,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

9. TRADE AND OTHER RECEIVABLES (cont'd)

The Group has early adopted AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities" and AASB 2012-2 "Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities". As a result of changes to these standards that include revising the criteria to enable offsetting of financial assets and financial liabilities, the trust receipts related to transactions with the GLIT group are no longer disclosed on a net, or offset, basis. The early adoption of these standards has also resulted in changes to the 2011 comparative balances to present them on a gross basis, consistent with 2012. There is no impact on the net assets or equity of the Group as a result of early adopting these standards. This change has only resulted in the receivables and payables related to the above arrangement being presented on a gross basis for both 30 June 2012 and 30 June 2011.

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, \$20.2 million (2011: \$12.5 million) is due from Macy's, the Group's largest customer.

	Consolidated	
	2012	2011
	US\$'000	US\$'000
<u>Age of receivables past due, but not impaired</u>		
60 – 90 days	244	13
90 – 120 days	81	53
More than 120 days	2,317	2,286
Total	2,642	2,352
 Movement in the allowance for doubtful debts		
Balance at the beginning of the year	2,172	328
Allowance made during the year	452	1,844
Balance at the end of the year *	2,624	2,172

* 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 2012

10. OTHER FINANCIAL ASSETS

	Consolidated	
	2012 US\$'000	2011 US\$'000
Loans carried at amortised cost ⁽ⁱ⁾ :		
<u>Current</u>		
Loans and receivables – Third parties ⁽ⁱⁱ⁾	368	–
Provision for Non-Repayment	(24)	–
Total current other financial assets	344	–
<u>Non-current</u>		
Loans and receivables – Other Party GLIT group ^{(i)(a)}	11,310	16,236
Loans and receivables – Third parties ⁽ⁱⁱ⁾	–	368
	11,310	16,604
Provision for Non-Repayment	–	(47)
Total non-current other financial assets	11,310	16,557

⁽ⁱ⁾ The loans owed by Other Party – GLIT Group consist of:

^(a) US\$11,310 thousand (FY2011: US\$16,236 thousand) has been classified as non-current receivables as it is not expected to be received within the next twelve months.

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.

⁽ⁱⁱ⁾ The current trade receivable owed by third party has for a provision for non-recovery in FY2012 of US\$24 thousand (FY2011: US\$47 thousand).

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2012 %	2011 %
Jointly controlled entities				
JES Apparel LLC	USA	Importer of knitwear products	51	51

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

	Consolidated	
	2012 US\$'000	2011 US\$'000
Financial position:		
Current assets	393	777
Current liabilities	(1,879)	(2,044)
Net assets	(1,486)	(1,267)
Group's share of jointly controlled entity's net assets	(757)	(646)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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	
	2012 US\$'000	2011 US\$'000
Financial performance:		
Income	2,514	4,746
Expenses	(2,628)	(5,978)
Total loss for investment in joint venture	(114)	(1,232)
Group's share of jointly controlled entity's losses	(58)	(628)

The entity's unrecognised share of losses for the period is US\$58 thousand (2011: US\$628 thousand). The entity's cumulative unrecognised share of losses is US\$694 thousand (2011: US\$636 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
Gross carrying amount					
Balance at 1 July 2010	9	85	3,936	377	4,407
Additions	76	18	209	309	613
Disposals	–	(17)	(16)	–	(33)
Balance at 1 July 2011	85	86	4,129	686	4,986
Additions	16	–	819	43	878
Disposals	–	(80)	(10)	–	(90)
Balance at 30 June 2012	101	6	4,938	729	5,774
Accumulated depreciation/ amortisation and impairment					
Balance at 1 July 2010	6	69	3,066	216	3,357
Disposals	–	(17)	(15)	–	(32)
Depreciation expense	8	8	292	79	387
Balance at 1 July 2011	14	60	3,343	295	3,712
Disposals	–	(57)	(7)	–	(64)
Depreciation expense	55	3	457	111	626
Balance at 30 June 2012	69	6	3,793	406	4,274
Net book value					
As at 30 June 2011	71	26	786	391	1,274
As at 30 June 2012	32	–	1,145	323	1,500

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 2012

13. OTHER ASSETS

	Consolidated	
	2012 US\$'000	2011 US\$'000
Current		
Prepayments	280	235

14. TRADE AND OTHER PAYABLES

	Consolidated	
	2012 US\$'000	2011 US\$'000
Trade payables ⁽ⁱ⁾	432	267
Other payables	78	101
Accruals	3,400	2,945
	3,910	3,313

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

15. BORROWINGS

	Consolidated	
	2012 US\$'000	2011 US\$'000
<u>Secured – at amortised cost</u>		
<u>Current</u>		
Bank Overdraft	–	142
Bank loans ^{(i) (ii)}	972	1,040
Trust receipts (Gross) ^{(i) (iii)}	34,196	49,273
Bills payable (Gross)	219	759
Finance lease liabilities (Note 22)	156	152
Total current borrowings	35,543	51,366
<u>Non-current</u>		
Bank loans ^{(i) (ii)}	–	1,000
Finance lease liabilities (Note 22)	317	460
Total non-current borrowings	317	1,460
Disclosed in the financial statements as:		
Current borrowings	35,543	51,366
Non-current borrowings	317	1,460
	35,860	52,826

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 borrowings consist of a term loan of US\$972 thousand (2011: US\$2,040 thousand) which is repayable by a reducing balance method of 48 monthly average installments of US\$115 thousand (30 June 2011: US\$115 thousand). The average effective interest rate charge is 5% per annum.
- (iii) 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 2012 GLG Corp Ltd had financing facilities available of US\$118 million (US\$57.5 million was used and US\$60.5 million is unused). This is compared with US\$108.5 million at 30 June 2011 (US\$72.6 million was used and US\$35.9 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 their own capital and credit risk constraints, may limit or suspend their corporate lending business

The Group has early adopted AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities" and AASB 2012-2 "Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities". As a result of changes to these standards that include revising the criteria to enable offsetting of financial assets and financial liabilities, the trust receipts related to transactions with the GLIT group are no longer disclosed on a net, or offset, basis. The early adoption of these standards has also resulted in changes to the 2011 comparative balances to present them on a gross basis, consistent with 2012. There is no impact on the net assets or equity of the Group as a result of early adopting these standards. This change has only resulted in the receivables and payables related to the above arrangement being presented on a gross basis for both 30 June 2012 and 30 June 2011.

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

	2012	2011
Bank overdrafts	US prime rate	US prime rate
Bank loans	5.00% p.a.	5.02% p.a.
Trust receipts /Bills payable	0.92% -1.75%	1.60% -2.25%
Finance lease liabilities	4.47% p.a.	4.94% p.a.

16. ISSUED CAPITAL

	Consolidated	
	2012 US\$'000	2011 US\$'000
74,100,000 (2011: 74,100,000) fully paid ordinary shares	10,322	10,322

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

	Consolidated			
	No. '000	2012 US\$'000	No. '000	2011 US\$'000
Fully paid ordinary shares				
Balance at beginning of financial year	74,100	10,322	74,100	10,322
Balance at end of financial year	74,100	10,322	74,100	10,322

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

17. RETAINED EARNINGS

	Consolidated	
	2012 US\$'000	2011 US\$'000
Balance at beginning of financial year	27,460	24,755
Net profit attributable to members of the parent entity	7,524	2,705
Balance at end of financial year	34,984	27,460

18. EARNINGS PER SHARE

	Consolidated	
	2012 Cents per share	2011 Cents per share
Basic earnings per share:		
Total basic earnings per share	10.15	3.65
Diluted earnings per share:		
Total diluted earnings per share	10.15	3.65

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	
	2012 US\$'000	2011 US\$'000
Net profit	7,524	2,705
Earnings used in the calculation of basic EPS	7,524	2,705

	Consolidated	
	2012 No. '000	2011 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	
	2012 US\$'000	2011 US\$'000
Net profit	7,524	2,705
Earnings used in the calculation of diluted EPS	7,524	2,705

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

18. EARNINGS PER SHARE (cont'd)

	Consolidated	
	2012 No. '000	2011 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

19. DIVIDENDS

	2012		2011	
	Cents per share	Total US\$'000	Cents per share	Total US\$'000
Recognised amounts				
Fully paid ordinary shares				
Proposed final fully unfranked ordinary dividend	–	–	–	–

Unrecognised amounts

In respect of the financial year ended 30 June 2012, the Directors do not recommend the payment of dividend (2011: nil).

20. COMMITMENTS FOR EXPENDITURE

Lease commitments

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

21. CONTINGENT LIABILITIES

	Consolidated	
	2012 US\$'000	2011 US\$'000
Guarantees in lieu of commercial and statutory cash deposits ⁽ⁱ⁾	3,015	2,962
Guarantees arising from Letters of credit in force ⁽ⁱⁱ⁾	22,516	21,267
Total	25,531	24,229

⁽ⁱ⁾ 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.

⁽ⁱⁱ⁾ 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 company and related party.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

22. 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 (2011: nil)

	Minimum future lease payments Consolidated		Present value of minimum lease payments Consolidated	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
No later than 1 year	173	176	156	152
Later than 1 year and not later than 5 years	317	427	293	394
Later than 5 years	24	74	24	66
Minimum future lease payments*	514	677	473	612
Less future finance charges	(41)	(65)	–	–
Present value of minimum lease payments	473	612	473	612
Included in the financial statements as (note 15)				
Current borrowings			156	152
Non-current borrowings			317	460
			473	612

* 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 (2011: 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.

Non-cancellable operating lease payments

	Consolidated	
	2012 US\$'000	2011 US\$'000
Not longer than 1 year	1,421	1,674
Longer than 1 year and not longer than 5 years	325	2,004
Longer than 5 years	–	–
	1,746	3,678

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

23. SUBSIDIARIES

Name of subsidiary	Country of incorporation	Ownership interest	
		2012 %	2011 %
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

24. 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	
	2012 US\$'000	2011 US\$'000
Cash and cash equivalents	9,602	10,439
	9,602	10,439
(b) Financing facilities		
Unsecured bank overdraft facility, reviewed annually and payable at call:		
• Amount used	–	–
• Amount unused	150	150
	150	150
Secured bank loan facilities with various maturity dates and which may be extended by mutual agreement:		
• amount used	57,684	72,579
• amount unused	60,306	35,960
	117,990	108,539

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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

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

	Consolidated	
	2012	2011
	US\$'000	US\$'000
Profit for the year	7,524	2,705
Gain on sale or disposal of non-current assets	(14)	(3)
Impairment expense	–	2,000
Depreciation and amortisation of non-current assets	626	387
Interest Income	(746)	–
Increase/(decrease) in income tax	(55)	–
Interest expenses	–	781
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	(67)	(14)
Trade and other receivables	5,913	21,559
Other assets	(45)	(8)
Increase/(decrease) in liabilities:		
Trade and other payables	597	(1,719)
Net cash from operating activities	13,733	25,668

25. 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 2011.

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 and retained earnings as disclosed in notes 16 and 17 respectively.

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 of 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. 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 2012

25. FINANCIAL INSTRUMENTS (cont'd)

(a) Capital risk management (cont'd)

The gearing ratio at year end was as follows:

	Consolidated	
	2012 US\$'000	2011 US\$'000
Debt ⁽ⁱ⁾	35,860	52,826
Cash and cash equivalents	(9,602)	(10,439)
Net Debt	26,258	42,387
Equity ⁽ⁱⁱ⁾	45,306	37,782
Net debt to equity ratio	57.96%	112.19%

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

⁽ⁱⁱ⁾ Equity includes all capital and retained earnings.

(b) Categories of financial instruments

	Consolidated	
	2012 US\$'000	2011 US\$'000
Financial assets		
Loans and receivables	74,666	83,067
Cash and cash equivalents	9,602	10,439
Financial liabilities		
Amortised cost	39,770	56,139

(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 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 2012

25. 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	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Singapore dollars	3,459	3,116	969	888
Hong Kong dollars	-	89	115	123
Other	355	270	127	78
	3,814	3,475	1,211	1,089

(e) 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	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Profit or loss	(498)	446	22	(7)	(46)	39

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

25. FINANCIAL INSTRUMENTS (cont'd)

(e) Foreign currency sensitivity analysis (cont'd)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates 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 \$56 thousand and decrease by \$51 thousand (2011: increase by \$52 thousand and decrease by \$11 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 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 is 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 2012

25. 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 24(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 US\$'000	1-3 months US\$'000	3 months to 1 years US\$'000	1-5 years US\$'000	5+ years US\$'000
2012						
Financial Assets						
Interest bearing	–	–	–	–	–	–
Non-interest bearing	–	–	60,027	3,329	–	11,310
Financial Liabilities						
Non-interest bearing	–	3,910	–	–	–	–
Variable interest rate instruments	1.75%	34,415	–	–	–	–
Finance lease liability	4.47%	13	39	104	293	24
Fixed interest rate instruments- bank loan (UOB)	5.00%	87	261	624	–	–
2011						
Financial Assets						
Interest bearing	–	–	–	–	–	–
Non-interest bearing	–	–	64,158	2,352	–	16,557
Financial Liabilities						
Non-interest bearing	–	3,313	–	–	–	–
Variable interest rate instruments	2.25%	50,174	–	–	–	–
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:

	2012	2011
Other receivables	SIBOR + 1%	SIBOR + 1%
Bank loans	5.00% p.a.	5.02% p.a.
Finance lease liabilities	4.47% p.a	4.94% p.a
Trust receipts	0.92%-1.75%	1.60% -2.25%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

25. 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.

(i) Fair value of financial instruments

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

	Exchange Rate US\$'000	Foreign Currency US\$'000	Notional Currency US\$'000	Fair Value US\$'000
2012				
HSBC				
Less than 3 months	–	–	–	–
3 to 6 months	1.2653	3,716	3,000	(63)
ANZ				
Less than 3 months	1.265	2,551	2,000	17
3 to 6 months	1.265	1,281	1,000	12

Fair value measurement is Level Two within the fair value hierarchy.

26. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of the key management personnel of the Company and the Group is set out below.

	Consolidated	
	2012 US\$	2011 US\$
Short-term employee benefits	1,070,044	1,243,899
Post-employment benefits	31,643	41,915
	1,101,687	1,285,814

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

26. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

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.

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*)
- Surina Gan Meng Hui (*Director*)
- Christopher Chong Meng Tak (*Independent Director*)
- Ernest Seow Teng Peng (*Independent Director*)
- Yong Yin Min (*Director*)
- Thongviboon (*Independent Director*)

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

- Felicia Gan Peiling (*Senior Vice President – Retail*)
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

27. RELATED PARTY TRANSACTIONS

(a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 23 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 26 to the financial statements.

Key management personnel equity holdings

Fully paid ordinary shares of GLG Corp Ltd

	Balance at 1 July 11 No.	Granted as compensation No.	Net other change No.	Balance at resignation date at cost No.	Balance as 30 June 12 No.
2011					
Estina Ang Suan Hong	54,560,003	–	–	–	54,560,003
Christopher Chong Meng Tak	160,007	–	–	–	160,007
Ernest Seow Teng Peng	99,999	–	–	–	99,999
2011					
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

* Sam Weiss resigned 3 March 2011

(c) Transactions with other related parties

Other related parties include:

- the parent entity, Ghim Li Group Pte 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 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

27. RELATED PARTY TRANSACTIONS (cont'd)

(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 undertaken to guarantee the repayment of other party GLIT receivable of US\$ 10 million as disclosed in Note 10.

28. 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.

29. REMUNERATION OF AUDITORS

	Consolidated	
	2012 US\$	2011 US\$
Auditor of the parent entity		
Audit or review of the financial report ⁽ⁱ⁾	76,794	93,819
Tax services	5,585	5,644
	82,379	99,463
Related Practice of the parent entity auditor		
Audit or review of the subsidiaries	405,281	308,369
Preparation of the tax return of subsidiaries	22,211	13,331
	427,492	321,700

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

The related practices are Deloitte & Touche Singapore, Deloitte & Touche Hong Kong

⁽ⁱ⁾ Includes audit services provided for reporting to the parent entity relating to prior years but provided in the current year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

30. PARENT ENTITY DISCLOSURES

Financial position

	2012 US\$'000	2011 US\$'000
Assets		
Current assets	862	838
Non-current assets	30,000	30,000
Total assets	30,862	30,838
Liabilities		
Current liabilities	2,141	1,767
Non-current liabilities	64	42
Total liabilities	2,205	1,809
Equity		
Issued capital	53,552	53,552
Accumulated Losses	(24,895)	(24,523)
Total equity	28,657	29,029

Financial performance

	2012 US\$'000	2011 US\$'000
Loss for the year	(372)	(547)
Other comprehensive income	–	–
Total comprehensive income	(372)	(547)

ADDITIONAL STOCK EXCHANGE INFORMATION

AS AT 31 AUGUST 2012

NUMBER OF HOLDERS OF EQUITY SECURITIES

74,100,000 fully paid ordinary shares are held by 467 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	71,391,236	96.34	24	5.14
10,001 to 100,000	1,628,856	2.20	39	8.35
5,001 to 10,000	278,195	0.38	31	6.64
1,001 to 5,000	795,710	1.07	363	77.73
1 to 1,000	6,003	0.01	2.14	
Total	74,100,000	100.00	467	100.00
Unmarketable Parcels	667,053	0.90	342	73.23

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the GLG Corp Ltd register as at 31 August 2012 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%
	62,864,754	84.84%

ADDITIONAL STOCK EXCHANGE INFORMATION

AS AT 31 AUGUST 2012

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Rank	Name	No. of shares	Percentage
1	Ghim Li Group Pte Ltd	54,560,003	73.63%
2	Mr Yoke Min Pang	5,504,751	7.43%
3	HSBC Custody Nominees (Australia) Limited	4,308,900	5.81%
4	Ngui Choon Ming	1,798,000	2.43%
5	Mr Ah Yian Au	1,322,957	1.79%
6	Gowing Bros Limited	830,903	1.12%
7	Gwynvill Trading Pty Limited	450,000	0.61%
8	Dixon Trust Pty Limited	330,000	0.45%
9	Milton Yannis	320,659	0.43%
10	Mr Gerald Pauley & Mr Micheal Pauley	258,500	0.35%
11	Markess Trustee Limited	250,000	0.34%
12	Mr Robert Thomas Bishop	250,000	0.34%
13	Kam Hing Piece Works Ltd	206,010	0.28%
14	Mr Makram Janna & Mrs Rita Hanna	205,000	0.28%
15	Ang Leong Aik	200,000	0.27%
16	National Nominees Limited	185,953	0.25%
17	Chean Moy Seng	150,000	0.20%
18	UOB Kay Hian Private Limited	133,600	0.18%
19	Eu Mun Leong	116,000	0.16%
20	Mr Christopher Chong & Mrs Heather Chong	110,000	0.15%
		71,491,236	96.48%

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CORPORATE DIRECTORY

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
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Website: <http://www.glgcorpltd.com>
ASX Stock Code: GLE

DIRECTORS

Estina Ang Suan Hong
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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ghim li
Group of Companies

<http://www.glgcorpltd.com>

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SINGAPORE HEAD OFFICE

Ghim Li Global Pte Ltd

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