

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report for the period ended 31 Dec 2006

Lodged with the ASX under Listing Rule 4.2A

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Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report - 31 Dec 2006

Results for Announcement to the Market

	Change from previous Half-year			2006
				\$'000
Revenue from ordinary activities	Down	(0.1%)	to	97,749
Profit / (loss) from ordinary activities after tax attributable to members	Down	(317.6%)	to	(3,090)
Net profit / (loss) for the period attributable to members	Down	(317.6%)	to	(3,090)

Dividends / Distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend

-

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security (cents)	14.1	14.8

Explanation of Result

Please refer attached media release for a review and explanation of the financial results.

Directors' Report

Your directors present their report on the consolidated entity of Globe International Limited ("the Company") and its controlled entities (collectively "the Group") as at the end of, or during, the half-year ended 31 December 2006.

DIRECTORS

The following persons were directors of the Company during the whole of the half-year and up to the date of this report:

Paul Isherwood
Peter Hill
Stephen Hill

Norman O'Bryan SC was a director at the beginning of the half year and acted in this position until his retirement on 16 November 2006.

Philip Brass was a director at the beginning of the half year and acted in this position until his retirement, effective 26 February 2007.

Richard Alcock was appointed as a director on 26 February 2007.

REVIEW OF OPERATIONS

A review of the Group's operations during the half-year is attached to this report under the title "Results for Announcement to the Market".

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 2 January 2007, the Group sold its Streetwear division to Pacific Brands Limited. For further information regarding this transaction, refer to Notes 4 and 7 of the financial statements.

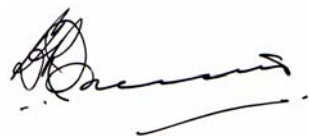
AUDITORS INDEPENDENCE DECLARATION

The auditors independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2006.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class order 98/0100 issued by the Australia Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' and financial report have been rounded off to the nearest thousand dollars in accordance with the Class Order.

This report is made in accordance with a resolution of directors.



.....
Paul Isherwood
Chairman

Melbourne
26 February 2007

Auditor's Independence Declaration

As lead auditor for the review of Globe International Limited for the half year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Globe International Limited and the entities it controlled during the period.



Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
26 February 2007

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated income statement

For the half-year ended 31 December 2006

	Notes	Half-year	
		2006 \$'000	2005 \$'000
Revenue from continuing operations		61,748	58,182
Other income		99	298
Changes in inventories of finished goods and work in progress		(4,125)	916
Inventories purchased		(27,867)	(31,667)
Employee benefits expense		(8,358)	(9,118)
Depreciation and amortisation expense		(2,748)	(1,104)
Impairment of goodwill		(1,635)	-
Finance costs		(339)	(446)
Selling and administrative expenses		(22,521)	(21,984)
Profit / (loss) before related income tax expense	(3)	(5,746)	(4,923)
Income tax (expense) / benefit		1,273	1,787
Profit/(loss) from continuing operations		(4,473)	(3,136)
Profit / (loss) from discontinuing operations	(4)	1,526	2,653
Profit / (loss) for the half year		(2,947)	(483)
Profit attributable to minority interests		(143)	(257)
Profit / (loss) attributable to members of Globe International Limited		(3,090)	(740)

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (EPS):

Before significant items

Basic EPS	(0.3) cents	(0.8) cents
Diluted EPS	(0.3) cents	(0.8) cents

After significant items

Basic EPS	(1.1) cents	(0.8) cents
Diluted EPS	(1.1) cents	(0.8) cents

Earnings per share for profit attributable to the ordinary equity holders of the company (EPS):

Before significant items

Basic EPS	0.1 cents	(0.2) cents
Diluted EPS	0.1 cents	(0.2) cents

After significant items

Basic EPS	(0.7) cents	(0.2) cents
Diluted EPS	(0.7) cents	(0.2) cents

The above consolidated income statement should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated balance sheet

As at 31 December 2006

	Notes	31 December 2006 \$'000	30 June 2006 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		6,859	5,318
Trade and other receivables		27,961	49,119
Inventories		15,992	28,844
Derivative financial instruments		-	42
		<u>50,812</u>	<u>83,323</u>
Total assets of disposal group classified as held-for-sale	(4)	27,848	-
Total current assets		<u>78,660</u>	<u>83,323</u>
Non-current assets			
Property, plant and equipment		3,397	7,752
Other financial assets		830	883
Intangible assets		69,331	71,341
Deferred tax assets		7,912	7,797
		<u>81,470</u>	<u>87,773</u>
Total non-current assets		<u>81,470</u>	<u>87,773</u>
Total assets		<u>160,130</u>	<u>171,096</u>
LIABILITIES			
Current liabilities			
Trade and other payables		10,069	18,008
Borrowings		2,931	9,813
Derivative financial instruments		12	-
Current tax liabilities		-	41
Provisions		1,208	1,583
		<u>14,220</u>	<u>29,445</u>
Total liabilities of disposal group classified as held-for-sale	(4)	10,431	-
Total current liabilities		<u>24,651</u>	<u>29,445</u>
Non-current liabilities			
Trade and other payables		687	1,341
Borrowings		899	1,353
Deferred tax liabilities		5,695	5,906
Provisions		375	551
		<u>7,656</u>	<u>9,151</u>
Total non-current liabilities		<u>7,656</u>	<u>9,151</u>
Total liabilities		<u>32,307</u>	<u>38,596</u>
NET ASSETS		<u>127,823</u>	<u>132,500</u>
Contributed equity		184,378	184,378
Reserves		(3,391)	(1,918)
Retained profits / (losses)		<u>(53,531)</u>	<u>(50,441)</u>
Parent entity interest		127,456	132,019
Minority interest		367	481
TOTAL EQUITY		<u>127,823</u>	<u>132,500</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of changes in equity

For the half-year ended 31 December 2006

	Half-year	
	2006	2005
	\$'000	\$'000
Total equity at the beginning of the half-year	<u>132,500</u>	<u>131,425</u>
Cash flow hedge reserve movement (net of tax)	(38)	125
Net Exchange difference on translation of financial reports of foreign controlled entities	<u>(1,448)</u>	<u>764</u>
Net income recognised directly in equity	<u>(1,486)</u>	<u>889</u>
Profit / (loss) for the half-year	<u>(2,947)</u>	<u>(483)</u>
Total recognised income and expenses for the half-year	<u>(4,433)</u>	<u>406</u>
Transactions with equity holders in their capacity as equity holders:		
Option reserve in respect of employee share plan	13	56
Distributions to minority interests	<u>(257)</u>	<u>(445)</u>
	<u>(244)</u>	<u>(389)</u>
Total equity at the end of the half-year	<u><u>127,823</u></u>	<u><u>131,442</u></u>
Total recognised income and expense for the half-year is attributable to:		
Members of Globe International Limited	(4,576)	149
Minority Interests	<u>143</u>	<u>257</u>
	<u>(4,433)</u>	<u>406</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of cash flows

For the half-year ended 31 December 2006

	Half-year	
	2006	2005
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	106,462	109,273
Payments to suppliers and employees (inclusive of goods and services tax)	(97,358)	(104,345)
Interest received	18	56
Interest and other costs of finance paid	(509)	(509)
Income taxes received / (paid)	(494)	(2,040)
Net cash inflow / (outflow) from operating activities	8,119	2,435
Cash flows from investing activities		
Payment for property, plant and equipment	(1,802)	(1,186)
Payment for acquisition of controlled entities	-	(2,306)
Payment for purchase of licences, trademarks and distribution rights	(1,127)	(187)
Net cash inflow / (outflow) from investing activities	(2,929)	(3,679)
Cash flows from financing activities		
Proceeds from borrowings	2,130	5,229
Repayment of finance leases	(111)	(8)
Repayment of borrowings	(5,353)	(4,225)
Dividends paid by controlled entity to outside equity interest	(257)	(445)
Net cash inflow / (outflow) from financing activities	(3,591)	551
Net increase / (decrease) in cash held	1,599	(693)
Cash and cash equivalents at the beginning of the reporting period	5,318	8,137
Effect of exchange rates on cash holding in foreign currencies - gain / (loss)	(58)	93
Cash at the end of the reporting period	6,859	7,537

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the year ended 30 June 2006 and any public announcements made by Globe International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporation Act 2001*.

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2. SEGMENT INFORMATION

Primary Reporting – Geographical segments

Half- Year 2006	Australasia	North America	Rest of the World	Inter-segment / Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Segment Revenue	57,976	27,721	13,461	(1,409)	97,749
Segment Result (EBITDA)	2,385	379	(225)	(78)	2,461
Less: depreciation	(1,281)	(471)	(125)	-	(1,877)
Less: amortisation of intangibles	(271)	(172)	(888)	(694)	(2,025)
Less: impairment of intangibles	(80)	-	(1,555)	-	(1,635)
Less: Net interest	(134)	(252)	(105)	-	(491)
Operating profit / (loss) before tax	619	(516)	(2,898)	(772)	(3,567)
Less: tax (expense) / benefit					620
Consolidated operating profit after tax					(2,947)

Half-Year 2005

	Australasia	North America	Rest of the World	Inter-segment / Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Segment Revenue	59,730	26,986	12,303	(1,108)	97,911
Segment Result (EBITDA)	3,135	(1,361)	(603)	-	1,171
Less: depreciation	(725)	(553)	(137)	-	(1,415)
Less: amortisation of intangibles	(271)	(165)	-	-	(436)
Less: net interest	(39)	(345)	(69)	-	(453)
Operating profit / (loss) before tax	2,100	(2,424)	(809)	-	(1,133)
Less: tax (expense) / benefit					650
Consolidated operating profit after tax					(483)

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2006

NOTE 3. PROFIT / (LOSS) FOR THE HALF-YEAR

	2006 \$'000	2005 \$'000
Profit / (loss) for the half-year includes the following expenses that are unusual because of their nature, size or incidence:		
Continuing operations		
Impairment of European goodwill	1,555	-
Accelerated amortisation of certain trademarks	1,582	-
Provisions against individually significant doubtful trade and other receivables	1,065	-
Gross impact of significant items on continuing operations	<u>4,202</u>	-
Tax effect	<u>(892)</u>	-
Net impact of significant items on half-year profit / (loss)	<u>3,310</u>	-

NOTE 4. DISCONTINUED OPERATIONS

(a) Description

On 18 October 2006 the Group announced that it had entered into an agreement to sell its Streetwear Division, consisting of its Streetwear wholesale and retail businesses in Australia and New Zealand as well as its investment in the World Brands joint venture. This sale is effective 2 January 2007 and the assets and liabilities which are available for sale at 31 December 2006 are disclosed as such in this financial report. The division being disposed of is reported in this financial report as a discontinued operation.

The discontinued operation is included entirely within the Australasian business segment in Note 2 *Segment Information*. Financial information relating to the discontinued operation is set out below.

(b) Financial performance and cash flow information

	Half-year	
	2006 \$'000	2005 \$'000
Revenue	36,001	39,729
Other income	233	55
Expenses from operations	(32,731)	(35,184)
Depreciation and amortisation expense	(1,153)	(747)
Finance costs	(170)	(63)
Profit before income tax	<u>2,180</u>	<u>3,790</u>
Income tax expense	<u>(654)</u>	<u>(1,137)</u>
Profit after income tax from discontinued operations	<u>1,526</u>	<u>2,653</u>
Earnings per share (cents per share)	0.4 cents	0.6 cents
Net cash inflow from operating activities	2,645	2,960
Net cash inflow / (outflow) from investing activities	(1,052)	(631)
Net cash (outflow) from financing activities	318	1,818
Net increase in cash generated by the division	<u>1,911</u>	<u>4,147</u>

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2006

NOTE 4. DISCONTINUED OPERATIONS (cont'd)

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities, as at 31 December 2006, relating to the Streetwear Division being sold are detailed below.

	2006 \$000's
Trade receivables	16,322
Inventories	7,198
Property, plant and equipment	4,328
Total Assets	<u>27,848</u>
Trade creditors	5,574
Borrowings	4,260
Current tax liabilities	64
Provision for employee benefits	533
Total Liabilities	<u>10,431</u>
TOTAL NET ASSETS OF DISCONTINUING OPERATION	17,417
Minority interest in Net Assets	(382)
PARENT ENTITY'S SHARED IN NET ASSETS AVAILABLE FOR SALE	<u>17,035</u>

NOTE 5. BUSINESS COMBINATIONS

Current period

There were no material business combinations during the current financial year.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2006

NOTE 5. BUSINESS COMBINATIONS (cont'd)

Prior period

On 1 August 2005 the Company acquired the net assets of PSC Skateboarding Pty Ltd ("PSC"). At the date of acquisition, the acquired entity owned and operated 7 PSC Skateboarding retail outlets in Australia.

The acquired business contributed revenues of \$4,121,273 and net profit before tax of \$263,557 to the Group for the period from 1 August to 31 December 2006. If the acquisition had occurred on 1 July 2006, consolidated revenue and consolidated loss for the half-year ended 31 December 2006 would have been \$99,914,000 and \$1,078,000 respectively.

	\$'000
Purchase consideration:	
Cash paid	2,311
Discounted deferred consideration	473
Direct costs	113
Total purchase consideration	<u>2,897</u>
Fair value of net identifiable assets acquired	<u>1,855</u>
Goodwill	<u>1,042</u>

Additional consideration is payable in the event that certain pre-determined profit levels are achieved by PSC in 2008. The consideration payable is calculated based on the extent to which actual profit exceeds these pre-determined levels. At the date of this financial report no additional payments can be reliably measured. If it becomes probable that additional consideration will be payable, it will be brought to account as a component of the goodwill arising on the acquisition when the amount can be reliably measured.

The goodwill is attributable to the profitability of the acquired business and synergies expected to arise when the Company amalgamates the business with its existing operations. The fair values of assets and liabilities acquired are based on discounted cash flow models. No acquisition provisions were created. There were no acquisitions in the half-year ended 31 December 2005.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair Value \$'000
Cash	5	5
Inventories	1,172	1,172
Plant and equipment: Office equipment, furniture and fittings	236	236
Intangible assets: trademarks	-	700
Payables and accruals	(48)	(48)
Deferred tax liability	-	(210)
	<u>1,365</u>	<u>1,855</u>

NOTE 6. CONTINGENT LIABILITIES

There have been no changes in contingent liabilities during the half-year.

NOTE 7. SUBSEQUENT EVENTS

On 2 January 2007, the Group completed the sale of its Streetwear Division to Pacific Brands. Final proceeds from the sale of the business were \$41.2 million, adjusted from the agreed purchase price of \$42.3 million due to the movement in Net Assets between the initial agreement date and completion date. The impact of this transaction on current year profit is not finalised at the date of this report and will be included in the full year 2007 results.

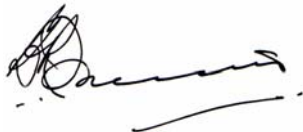
DIRECTORS' DECLARATION

The directors declare that:

- (1) the financial statements as set out on pages 5 to 12 are in accordance with the Corporations Act 2001;
 - (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended 2006 on that date.
- (2) In the directors' opinion:
 - (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

Dated 26th February 2007



.....
Paul Isherwood
Chairman

INDEPENDENT AUDITORS REVIEW REPORT to the members of Globe International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Globe International Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Globe International Limited Group (the consolidated entity). The consolidated entity comprises both Globe International Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Globe International Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>

**Independent review report to the members of
Globe International Limited (continued)**

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Globe International Limited (the Company) for the half-year ended 31 December 2006 included on Globe International Limited's web site. The company's directors are responsible for the integrity of the Globe International Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Globe International Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*



PricewaterhouseCoopers



Chris Dodd
Partner 26 February 2007

Melbourne

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