

Globe International Limited

ABN 65 007 066 033

Appendix 4D Half-Year Report - 31 Dec 2005

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 2005

Results for Announcement to the Market

	Change from previous Half-year			2005
				\$'000
Revenue from ordinary activities	down	9.5%	to	98,264
Profit / (Loss) from ordinary activities after tax attributable to members	down	126.8%	to	(740)
Net profit / (Loss) for the period attributable to members	down	126.8%	to	(740)

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)	14.6c	14.9c

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") at the end, or during, the half-year ended 31 December 2005.

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
Philip Brass
Norman O'Bryan SC

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".

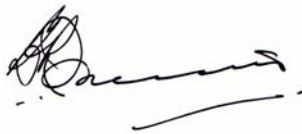
AUDITORS INDEPENDENCE DECLARATION

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 2005.

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

Dated 9 March 2006

Auditor's Independence Declaration

As lead auditor for the review of Globe International Limited for the half year ended 31 December 2005, 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
9 March 2006

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated Income Statement

For the half-year ended 31 December 2005

	Consolidated	
	December 2005	December 2004
	\$ 000's	\$ 000's
Revenue from continuing operations	98,264	108,537
Less:		
Changes in inventories of finished goods and work in progress	416	(1,377)
Raw materials and consumables used	(52,082)	(54,992)
Employee benefits expense	(13,951)	(13,989)
Depreciation and amortisation expense	(1,851)	(1,859)
Borrowing costs Expense	(509)	(524)
Selling, general and administrative expenses	(31,420)	(31,033)
Profit/(loss) before related income tax expense	(1,133)	4,763
Income tax (expense) / benefit	650	(1,561)
Profit/(loss) from continuing operations	(483)	3,202
Net profit attributable to outside equity interests	(257)	(445)
Net Profit / (Loss) attributable to members of Globe International Limited	(740)	2,757
Earnings per share (EPS)		
Basic EPS	(0.18) cents	0.67 cents
Diluted EPS	(0.18) cents	0.67 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 2005

	Consolidated	
	December	June
	2005	2005
	\$000's	\$000's
Current Assets		
Cash Assets	7,537	8,137
Receivables	42,320	47,470
Inventories	28,632	32,137
Other	4,071	4,227
Total Current Assets	<u>82,560</u>	<u>91,971</u>
Non-current Assets		
Property, Plant & Equipment	8,024	7,360
Investments	891	855
Intangible Assets	71,062	69,486
Deferred Tax Assets	8,378	6,764
Total Non-Current Assets	<u>88,355</u>	<u>84,465</u>
Total Assets	<u>170,915</u>	<u>176,436</u>
Current Liabilities		
Payables	19,337	27,131
Interest-bearing liabilities	8,246	8,587
Current Tax Liabilities	83	999
Provisions	1,623	1,060
Total Current Liabilities	<u>29,289</u>	<u>37,777</u>
Non Current Liabilities		
Interest Bearing Liabilities	2,876	833
Accruals	1,119	594
Deferred Tax Liabilities	5,679	5,339
Provisions	510	468
Total Non Current Liabilities	<u>10,184</u>	<u>7,234</u>
Total Liabilities	39,473	45,011
Net Assets	<u>131,442</u>	<u>131,425</u>
Contributed equity	184,650	184,594
Reserves	(1,990)	(2,879)
Retained Profits/(Losses)	(51,652)	(50,912)
Outside Equity Interest	434	622
Total Shareholders' equity	<u>131,442</u>	<u>131,425</u>

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of changes in equity

For the half-year ended 31 December 2005

	Consolidated	
	December 2005	December 2004
	\$000's	\$000's
Total equity at the beginning of the half-year	131,425	138,501
Cash flow hedge reserve movement (net of tax)	125	-
Net Exchange difference on translation of financial reports of foreign controlled entities	764	(2,719)
Net income recognised directly in equity	889	(2,719)
Profit / (loss) for the half-year	(483)	3,202
Total recognised income and expenses for the half-year	406	483
Transactions with equity holders in their capacity as equity holders:		
Transaction costs recognised in equity	-	(59)
Option reserve in respect of employee share plan	56	86
Distributions to minority interests	(445)	-
Dividends paid	-	(4,146)
	(389)	(4,119)
Total equity at the end of the half-year	131,442	134,865
Total recognised income and expense for the half-year is attributable to:		
Members of Globe International Limited	149	38
Minority Interests	257	445
	406	483

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of Cash Flows

For the half-year ended 31 December 2005

	Consolidated	
	December 2005	December 2004
	\$000's	\$000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	109,273	95,871
Payments to suppliers and employees (inclusive of goods and services tax)	(104,345)	(109,793)
Interest received	56	203
Borrowing costs	(509)	(524)
Income Taxes paid	(2,040)	(938)
Net cash inflow / (outflow) from operating activities	2,435	(15,181)
Cash flows from investing activities		
Payment for purchase of business	-	(839)
Payment for property plant and equipment	(1,186)	(1,768)
Payment for acquisition of controlled entities	(2,306)	-
Payment for purchase of licences	(187)	-
Net cash inflow / (outflow) from investing activities	(3,679)	(2,607)
Cash flows from financing activities		
Proceeds from borrowings	5,229	1,998
Repayment of finance leases	(8)	-
Repayment of borrowings	(4,225)	(2,006)
Dividends paid	-	(4,146)
Dividends paid by controlled entity to outside equity interest	(445)	-
Net cash inflow / (outflow) from financing activities	551	(4,154)
Net increase / (decrease) in cash held	(693)	(21,942)
Cash at the beginning of the reporting period	8,137	31,404
Effects of exchange rate changes on cash - gain / (loss)	93	(619)
Cash at the end of the reporting period	7,537	8,843

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 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2005 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 2005 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 set out below. These principles have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

This interim financial report is the first Globe International Limited interim financial report to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Globe International Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Globe International Limited interim financial report for the half-year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in Note 6.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluations of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

(a) Principles of Consolidation

The consolidated accounts comprise the accounts of Globe International Limited ("the Company") a company limited by shares, domiciled and incorporated in Australia, and all of its controlled entities (collectively "the Group"). A controlled entity is any entity controlled by Globe International Limited. Control exists where Globe International Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Globe International Limited to achieve the objectives of Globe International Limited.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of Consolidation (cont'd)

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Minority interests in the results and equity of controlled entities are shown separately in the consolidated income statement and consolidated balance sheet respectively. The purchase method of accounting is used to account for the acquisition of subsidiaries.

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Globe International Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Globe International Limited's functional and presentation currency.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group companies

The assets and liabilities of overseas controlled entities are translated into Australian currency at rates of exchange current at balance date, while its revenues and expenses are translated at average exchange rates during the year. Exchange differences arising on translation are taken directly to foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, goods and services tax (GST) and other taxes paid. Revenue from a sale is recorded when goods have been despatched to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer. Royalties are recognised in the period in which underlying sales are made by the licensee. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established.

(e) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1 (I)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(g) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct material, direct labour and an appropriate proportion variable expenditure. Costs are assigned to inventory based on standard costs which closely approximate actual costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling costs.

(h) Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation or amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. All subsequent costs, including repairs and maintenance, are expensed as incurred.

Depreciation on plant and equipment is calculated using the straight line method to allocate cost or revalued amounts, net of their residual values, over estimated useful lives as follows:

<u>Class of Asset</u>	<u>Useful Life</u>
Leasehold Improvements	Period of Lease
Motor Vehicles	7 years
Plant & Equipment	4-13 years
Office Equipment, Furniture and Fittings	4-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(i) Investments and other financial assets

All investments are classified as available-for-sale assets. These investments are measured at fair value unless the fair value can not be reliably measured, in which case they are carried at cost less impairment losses. The Group assesses at each balance date whether there is objective evidence that the financial asset is impaired (refer note 1(f)).

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivatives

From 1 July 2004 to 30 June 2005

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the Financial Report for the year ended 30 June 2005.

Adjustments on transition date: 1 July 2005

There were no derivatives outstanding at the date of transition.

From 1 July 2005

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in the cash flows of hedged items.

Cash Flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash-flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost of the asset.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments may not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments are made under operating leases (net any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(l) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired (note 1(f)), and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in the specific distribution channel and/or region of operation.

(ii) Trademarks and licences

Trademarks and licences that have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 5 to 30 years.

Trademarks and licences that have an infinite useful life are carried at a cost less impairment losses. These assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired (Note 1(f)).

(m) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred and include interest on bank overdrafts and short term and long term borrowings.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee's services up to the reporting date and are measured at the nominal value of amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Superannuation

The Group makes contributions to various accumulating employee superannuation funds which are charged as expenses when incurred.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share based payments

Share based compensation benefits are provided to employees via the Globe Employee Share Plan ('ESP'), Option Plan ('ESOP') and Executive Long Term Incentive Plan ('LTIP'). Information relating to these plans is set out in Note 27 and in the Remuneration Report which is set out on pages 6 to 10 of the Directors Report in the 30 June 2005 Financial Report.

(i) Globe Employee Share Plan ('ESP')

Under this plan, shares are issued to employees for no consideration. The market value of shares issued under the ESP is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(ii) Option Plan (ESOP)

Options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect to these options. The shares are to be recognised when if and the options are exercised, and the proceeds received will be allocated to share capital. No options have been granted since 7 November 2002.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee Benefits (continued)

Share based payments (continued)

(iii) Executive Long Term Incentive Plan (LTIP)

Performance rights granted after 7 November 2002 and vested after 1 January 2005

The fair value of rights granted under the LTIP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the performance rights.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date, the expected dividend yield and the risk-free interest rate for the term of a zero-priced option. The fair value of the rights granted excludes the impact of any non-market vesting conditions (for example, profitability and share price targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. Upon the exercise of rights, the balance of the share-based payments reserve relating to those options is transferred to issued share capital.

(o) Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments within three months to maturity.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Rounding of amounts

The Company has applied relief available under ASIC Class Order 98/0100 and accordingly, amounts in the financial report have been rounded off to the nearest \$1,000.

(r) Comparative figures

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(s) Web site Costs

Costs in relation to the development and maintenance of web sites are charged as expenses in the period in which they are incurred.

(t) Major event costs

Costs associated with major promotional events are expensed at the first date at which, each distinct part of the promotional campaign occurs.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES**Notes to the Accounts**

For the half-year ended 31 December 2005

NOTE 2. SEGMENT INFORMATION**Primary Reporting – Geographical segments**

Half- Year 2005	Australasia	North America	Rest of the World	Consolidated
	\$'000	\$'000	\$'000	\$'000
Total Segment Revenue	59,809	26,086	12,369	98,264
Segment Result (before income tax)	2,100	(2,424)	(809)	(1,133)

Half-Year 2004

	Australasia	North America	Rest of the World	Consolidated
	\$'000	\$'000	\$'000	\$'000
Total Segment Revenue	60,954	32,369	15,214	108,537
Segment Result (before income tax)	3,935	225	603	4,763

INTERSEGMENT TRANSACTIONS

	2005 \$'000	2004 \$'000
Segment and operating profit before tax excludes the effect of the following payments due to North America from Australasia, which have been eliminated on consolidation:	268	232

NOTE 3. DIVIDENDS

Ordinary Shares	2005 \$'000	2004 \$'000
Dividends paid during the half-year	-	4,146

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 4. BUSINESS COMBINATIONS

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 2005. If the acquisition had occurred on 1 July 2005, consolidated revenue and consolidated loss for the half-year ended 31 December 2005 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 retail operation. 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 2004.

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 5. CHANGES IN CONTINGENT LIABILITIES

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

Letter of credit

Letters of credit executed and outstanding at balance date amount to \$4.5 million (as at 30 June 2005 \$4.5 million). These relate to purchase of inventory during the financial year.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 6. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

a) At the date of transition to AIFRS: 1 July 2004

		Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS				
Current assets				
Cash and cash equivalents		31,404	-	31,404
Receivables		34,008	-	34,008
Inventories		22,469	-	22,469
Other	(vi), (vii)	6,129	(455)	5,674
Total current assets		<u>94,010</u>	<u>(455)</u>	<u>93,555</u>
Non-current assets				
Property, plant and equipment		7,453	-	7,453
Investments		954	-	954
Intangible assets		69,403	-	69,403
Deferred tax assets	(i)	7,137	565	7,702
Other		6	-	6
Total non-current assets		<u>84,953</u>	<u>565</u>	<u>85,518</u>
Total assets		<u>178,963</u>	<u>110</u>	<u>179,073</u>
LIABILITIES				
Current liabilities				
Accounts payable		17,581	-	17,581
Interest bearing liabilities		6,544	-	6,544
Current tax liabilities		1,661	-	1,661
Provisions		1,104	-	1,104
Total current liabilities		<u>26,890</u>	<u>-</u>	<u>26,890</u>
Non-current liabilities				
Interest bearing liabilities		7,617	-	7,617
Accruals	(iii)	-	450	450
Deferred tax liabilities	(i)	507	4,724	5,231
Provisions		384	-	384
Total non-current liabilities		<u>8,508</u>	<u>5,174</u>	<u>13,682</u>
Total liabilities		<u>35,398</u>	<u>5,174</u>	<u>40,572</u>
Net assets		<u>143,565</u>	<u>(5,064)</u>	<u>138,501</u>
EQUITY				
Contributed equity	(vi)	184,167	359	184,526
Reserves	(v), (vii)	(5,867)	5,867	-
Retained profits/(losses)	(i), (iii), (v), (vi)	(34,902)	(11,290)	(46,192)
Outside equity interest		167	-	167
Total equity		<u>143,565</u>	<u>(5,064)</u>	<u>138,501</u>

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 6. IMPACT OF ADOPTING AIFRS (continued)

(b) At the end of the latest half-year reporting period under previous AGAAP: 31 December 2004

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS				
Current assets				
Cash and cash equivalents		8,843	-	8,843
Receivables		49,492	-	49,492
Inventories		20,837	-	20,837
Other	(vi), (vii)	5,125	(455)	4,670
Total current assets		84,297	(455)	83,842
Non-current assets				
Property, plant and equipment		7,473	-	7,473
Investments		846	-	846
Intangible assets	(ii)	68,028	1,735	69,763
Deferred tax assets	(i), (iii)	6,132	513	6,645
Other		4	-	4
Total non-current assets		82,483	2,248	84,731
Total assets		166,780	1,793	168,573
LIABILITIES				
Current liabilities				
Payables		12,436	-	12,436
Interest bearing liabilities		7,937	-	7,937
Current tax liabilities		1,303	-	1,303
Provisions		967	-	967
Total current liabilities		22,643	-	22,643
Non-current liabilities				
Interest bearing liabilities		4,843	-	4,843
Accruals	(iii)	-	521	521
Deferred tax liabilities	(i)	531	4,746	5,277
Provisions		424	-	424
Total non-current liabilities		5,798	5,267	11,065
Total liabilities		28,441	5,267	33,708
Net assets		138,339	(3,474)	134,865
EQUITY				
Contributed equity	(vi)	184,109	445	184,554
Reserves	(v), (vii)	(8,586)	5,867	(2,719)
Retained profits/(losses)	(i), (iii), (v), (vi)	(37,796)	(9,786)	(47,582)
Outside equity interest		612	-	612
Total equity		138,339	(3,474)	134,865

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 6. IMPACT OF ADOPTING AIFRS (continued)

(c) At the end of the last reporting period under previous AGAAP: 30 June 2005

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS				
Current assets				
Cash		8,137	-	8,137
Receivables		47,470	-	47,470
Inventories		32,137	-	32,137
Other	(vi), (vii)	4,246	(19)	4,227
Total current assets		91,990	(19)	91,971
Non-current assets				
Property, plant and equipment		7,360	-	7,360
Investments		855	-	855
Intangible assets	(ii)	66,017	3,469	69,486
Deferred tax assets	(i), (iii)	6,585	179	6,764
Other		-	-	-
Total non-current assets		80,817	3,648	84,465
Total assets		172,807	3,629	176,436
LIABILITIES				
Current liabilities				
Accounts payable		27,131	-	27,131
Interest bearing liabilities		8,587	-	8,587
Current tax liabilities		999	-	999
Provisions		1,060	-	1,060
Total current liabilities		37,777	-	37,777
Non-current liabilities				
Interest bearing liabilities		833	-	833
Accruals	(iii)	-	594	594
Deferred tax liabilities	(i)	572	4,767	5,339
Provisions		468	-	468
Total non-current liabilities		1,873	5,361	7,234
Total liabilities		39,650	5,361	45,011
Net assets		133,157	(1,732)	131,425
EQUITY				
Contributed equity	(vi)	184,109	485	184,594
Reserves	(v), (vii)	(8,746)	5,867	(2,879)
Retained profits/(losses)	(i), (iii), (v), (vi)	(42,828)	(8,084)	(50,912)
Outside equity interest		622	-	622
Total equity		133,157	(1,732)	131,425

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 6. IMPACT OF ADOPTING AIFRS (continued)

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs

(a) *Reconciliation of profit for the half-year ended 31 December 2004*

Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Revenue from Ordinary Activities	108,537	-	108,537
Less:			
Changes in inventories of finished goods and work in progress	(1,377)	-	(1,377)
Raw materials and consumables used	(54,992)	-	(54,992)
Employee benefits expense (vi)	(13,903)	(86)	(13,989)
Depreciation and Amortisation expense (ii)	(3,593)	1,735	(1,858)
Borrowing Costs Expense	(524)	-	(524)
Selling, general and administrative expenses (iii)	(30,962)	(72)	(31,034)
Profit from ordinary activities before related income tax expense	3,186	1,577	4,763
Income tax (expense) (i), (iii)	(1,489)	(72)	(1,561)
Profit from ordinary activities after tax	1,697	1,505	3,202
Net profit attributable to outside equity interests	(445)	-	(445)
Net Profit attributable to Globe International Limited	<u>1,252</u>	<u>1,505</u>	<u>2,757</u>

(b) *Reconciliation of profit for the year ended 30 June 2005*

Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Revenue from Ordinary Activities	206,178	-	206,178
Less:			
Changes in inventories of finished goods and work in progress	9,669	-	9,669
Raw materials and consumables used	(116,260)	-	(116,260)
Employee benefits expense (vi)	(27,845)	90	(27,755)
Depreciation and Amortisation expense (ii)	(7,305)	3,469	(3,836)
Borrowing Costs Expense	(908)	-	(908)
Selling, general and administrative expenses (iii)	(60,555)	(143)	(60,698)
Profit from ordinary activities before related income tax expense	2,974	3,416	6,390
Income tax (expense) (i), (iii)	(1,985)	(210)	(2,195)
Profit from ordinary activities after tax	989	3,206	4,195
Net profit attributable to outside equity interests	(622)	-	(622)
Net Profit attributable to Globe International Limited	<u>367</u>	<u>3,206</u>	<u>3,573</u>

3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustment to the cash flow statement.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 6. IMPACT OF ADOPTING AIFRS (continued)

4) Notes to the reconciliations

(i) *Income taxes*

On transition to AIFRS, under AASB 112 *Income Taxes*, the balance sheet method of tax effect accounting has been adopted, rather than the liability method previously applied under Australian GAAP.

Under the balance sheet approach, income tax on the profit and loss for the year comprises current and deferred taxes. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Previously under Australian GAAP, income tax on certain items such as, share transaction costs recognised directly in contributed equity, were treated as permanent differences and recognised in the income statement. On transition to AIFRS, the income tax benefit on such items is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the temporary difference, using tax rates enacted or substantively enacted at reporting date. Deferred tax in relation to goodwill, for which amortisation is not tax deductible, will never be provided for, in accordance with AASB 112.

(ii) *Intangible assets*

Goodwill

On transition to AIFRS, under AASB 3 *Business Combinations*, the amortisation of goodwill ceased and is replaced by an annual impairment test focusing on discounted future cash flows associated with the related cash generating unit. This change has been applied prospectively, resulting in an increase in Intangible Assets and Retained Earnings as at 30 June 2005.

Other Intangible Assets

On transition to AIFRS, under AIFRS 138 *Intangible Assets*, the Group's accounting policy in relation to other intangible assets has changed. Under previous Australian GAAP it was mandatory to amortise all intangible assets. Under AIFRS, only those intangible assets that are considered to have a definite useful life are being amortised. Other intangible assets with indefinite useful lives are not amortised. Instead, they are carried at cost and tested for impairment at least annually. All changes have been accounted for prospectively, resulting in an increase in Intangible Assets and Retained Earnings as at 30 June 2005.

(iii) *Leased Assets*

On transition to AIFRS, under AASB 117 *Leases*, a retrospective adjustment was made so that the operating lease expenditure for rental properties is effectively expensed on a straight-line basis over the lease term. Under previously applied Australian GAAP, rental expenditure is expensed as incurred. The change in policy has resulted in operating lease expenses being greater than operating lease payments in the early periods of most leases. The differential between the two has been recognised as a deferred rental liability.

(iv) *Business combinations*

As permitted by the election available under AASB 1, the classification and accounting treatment of business combinations that occurred prior to 1 July 2004 have not been restated in preparing the opening AIFRS balance sheet.

The new accounting policy in relation to Business Combinations is effective as at 1 July 2004. The restatement of business combinations that occurred between 1 July 2004 and 30 June 2005 did not result in any material adjustments to the equity or the profit of the Company or the Group.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Accounts

For the half-year ended 31 December 2005

NOTE 6. IMPACT OF ADOPTING AIFRS (continued)

4) Notes to the reconciliations

(v) *Foreign currency*

Under AASB 121 *Effects of changes in foreign exchange rates*, on future disposals of foreign operations the amount recognised in the foreign currency translation reserve attributable to the foreign operation is included in the calculation of gain or loss on disposal and recycled through the current year income statement. Due to this new requirement, AASB 1 allowed an election to reset the existing foreign currency translation reserve to nil. The Group made this election and the balance of the foreign currency translation reserve as at 1 July 2004 (\$5.9 million) was transferred to Retained Earnings. This has no impact on the net assets of the Group.

(vi) *Share based payments and consolidation of special purpose entities*

Under AASB 2 *Share-based payments*, from 1 July 2004 the Group is required to recognise an expense for those performance rights that were issued to employees under the Long Term Incentive Plan ("LTIP") after 7 November 2002 but that had not vested by 1 January 2005. The expense, incurred over the vesting period, represents the fair value of those rights at the date that they were granted.

This expense is partially off-set by the reversal of the actual amount expensed under A-GAAP. Under A-GAAP, the Group was expensing, over the vesting period of the rights, the cost incurred in acquiring shares on-market. These shares were acquired, and held in Trust, with the intention to settle a portion of the future obligation under the LTIP. In accordance with AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation of Special Purpose Entities*, the LTIP Trust is a special purpose entity and therefore included within the consolidation of the Group. Once the Trust is consolidated, the cost incurred to acquire the shares on-market is off-set against issued capital.

(vii) *Financial Instruments*

The Group decided to apply the exemption criteria provided in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 and AASB 139 for the financial year ended 30 June 2005. The standards were applied from 1 July 2005 and therefore have no impact on the financial statements at 30 June 2005. As permitted by AASB 1, the Group will not apply AASB 132 or AASB 139 to the 2005 comparatives published in its 2006 financial statements.

From 1 July 2005, financial instruments have been carried at fair value, with movements in fair value charged to either profit and loss or taken to equity in accordance with the standard. This resulted in a change to the existing accounting policy, which did not recognise movements in the fair value of derivatives until the underlying transactions occurred. Refer to Note 1(i) for further information on the policy in accordance with AIFRS.

(viii) *Retained Earnings*

The effect on retained earnings of the changes set out above are as follows:

	1 July 2004 \$'000	31 December 2004 \$'000	30 June 2005 \$'000
Income taxes (note 4 (i))	(5,018)	(5,113)	(5,206)
Intangible assets (note 4 (ii))	-	1,735	3,469
Leased assets (net of tax) (note 4 (iii))	(315)	(365)	(415)
Foreign Currency (note 4 (v))	(5,867)	(5,867)	(5,867)
Share based payments and consolidation of special purpose entities (net of tax) (note (vi))	(90)	(176)	(65)
Total Adjustment	<u>(11,290)</u>	<u>(9,786)</u>	<u>(8,084)</u>

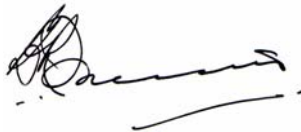
DIRECTORS' DECLARATION

The directors declare that:

- (1) the financial statements as set out on pages 5 to 25 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 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended 2005 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 9th March 2006



.....
Paul Isherwood
Chairman

Independent review report to the members of Globe International Limited

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 2005 included on Globe International Limited's web site. The Company's directors are responsible for the integrity of the Globe International Limited's 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 below. 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.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Globe International Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Globe International Limited Group (defined below) as at 31 December 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Globe International Limited Group (the consolidated entity), for the half-year ended 31 December 2005. The consolidated entity comprises both Globe International Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. 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)**

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



Chris Dodd
Partner

Melbourne
9 March 2006

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