

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report for the period ended 31 Dec 2009

Lodged with the ASX under Listing Rule 4.2A

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Appendix 4D

Half-Year Report - 31 Dec 2009

Results for Announcement to the Market

	Half-year 2009 \$'000	Half-year 2008 \$'000	Movement \$'000	Movement %
Net Sales	46,926	60,134	(13,208)	(22%)
Revenue from ordinary activities	47,527	60,610	(13,083)	(22%)
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	3,264	(5,654)	8,918	158%
Net Profit / (Loss) after tax <i>before significant items</i>	1,818	(3,309)	5,127	155%
Net Profit / (Loss) after tax attributable to members	832	(9,336)	10,168	109%

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

Record date for determining entitlements to the dividend

N/A

NTA Backing	Current Period	Previous Period 30 June 2009
Net tangible asset backing per ordinary security	\$0.70	\$0.70

Explanation of Result

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

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 2009.

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 AO
Peter Hill
Stephen Hill

REVIEW OF OPERATIONS

The Group recorded a net profit after tax (NPAT) of \$0.8 million for the half-year ended 31 December 2009, compared to the \$9.3 million loss reported for the half-year ended 31 December 2008 (the prior corresponding period). Excluding the derecognition of deferred tax assets from NPAT in both periods, this represents a turn-around in performance of \$5.8 million.

Total revenues for the half-year were \$47.5 million, compared to \$60.6 million in the prior corresponding period. This decline in revenues was predominantly due to the impacts of foreign currency translation. In constant currency terms, net sales were 10% below the prior corresponding period, excluding the impact of the discontinuation of the Australian retail business, as a result of the continued difficulty in the global retail environment in which the Group operates.

Despite the decline in total revenues, the Group generated \$3.3 million of earnings before interest, tax, depreciation and amortisation (EBITDA), compared to a loss of \$5.7 million for the prior corresponding period. This turn around in profitability was due to the restructuring undertaken in the first half of the 2009 financial year. In addition, on a regional basis, all operating segments reported a first half EBITDA profit.

The Group's financial position continued to improve, with cash of \$13.3 million and no debt at 31 December 2009 (December 2008: \$4.4 million net cash). For the half year, cash flows of \$3.1 million were generated from operations, representing an improvement of \$5.5 million compared to the prior corresponding period.

MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

There are no matters to report subsequent to the end of the half year.

DIVIDENDS

No interim or final dividends were paid in the prior financial year. The directors do not recommend the payment of a dividend for the half-year ended 31 December 2009.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's 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 2009.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



.....
Paul Isherwood AO
Chairman

Melbourne
26 February 2010

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Auditor's Independence Declaration

As lead auditor for the review of Globe International Limited for the half year ended 31 December 2009, 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.



Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
26 February 2010

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of comprehensive income

For the half-year ended 31 December 2009

	Notes	Half-year	
		2009	2008
		\$'000	\$'000
Revenue from continuing operations		47,527	60,610
Changes in inventories of finished goods and work in progress		(1,872)	1,868
Inventories purchased		(23,346)	(34,139)
Employee benefits expense		(6,525)	(10,038)
Depreciation and amortisation expense		(699)	(874)
Impairment of intangible assets	(3)	(421)	-
Finance costs		(89)	(44)
Selling and administrative expenses		(12,486)	(23,870)
Profit / (loss) before related income tax expense	(3)	2,089	(6,487)
Income tax (expense) / benefit	(3)	(1,257)	(2,849)
		<hr/>	<hr/>
Profit / (loss) for the half year attributable to members of Globe International Limited		832	(9,336)
		<hr/>	<hr/>
Other comprehensive income / (expense)			
Changes in fair value of cash flow hedges		447	(121)
Exchange differences on translation of foreign operations		(1,998)	6,686
Income tax relating to components of other comprehensive income		(135)	41
		<hr/>	<hr/>
Other comprehensive income / (expense) for the half year, net of tax		(1,686)	6,606
		<hr/>	<hr/>
Total comprehensive income / (expense) for the half year		(854)	(2,730)
		<hr/>	<hr/>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (EPS):			
Basic EPS		2.01 cents	(22.5 cents)
Diluted EPS		2.01 cents	(22.5 cents)

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated balance sheet

As at 31 December 2009

ASSETS	Dec 2009 \$'000	June 2009 \$'000
Current assets		
Cash and cash equivalents	13,267	11,285
Trade and other receivables	11,925	15,008
Inventories	12,706	13,877
Prepayments	846	925
Current tax assets	186	455
Total current assets	<u>38,930</u>	<u>41,550</u>
Non current assets		
Property, plant and equipment	1,158	1,492
Other financial assets	1,331	1,471
Intangible assets	21,989	22,670
Deferred tax assets	3,041	3,293
Total non current assets	<u>27,519</u>	<u>28,926</u>
Total assets	<u>66,449</u>	<u>70,476</u>
LIABILITIES		
Current liabilities		
Trade and other payables	9,953	12,412
Derivative financial instruments	22	463
Current tax liabilities	151	28
Provisions	1,159	1,316
Total current liabilities	<u>11,285</u>	<u>14,219</u>
Non-current liabilities		
Deferred tax liabilities	3,753	3,994
Provisions	390	367
Other	-	21
Total non-current liabilities	<u>4,143</u>	<u>4,382</u>
Total liabilities	<u>15,428</u>	<u>18,601</u>
NET ASSETS	<u>51,021</u>	<u>51,875</u>
Equity		
Contributed equity	143,768	143,768
Reserves	(6,448)	(4,762)
Retained profits/(losses)	(86,299)	(87,131)
Total equity	<u><u>51,021</u></u>	<u><u>51,875</u></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 2009

	Contributed equity \$'000	Share based payment reserve \$'000	Cash-flow hedge reserve \$'000	Foreign Currency Translation reserve \$'000	Retained profits / (losses) \$'000	Total equity \$'000
Balance at 30 June 2008	143,768	323	(87)	(6,849)	(78,263)	58,892
Total comprehensive income / (expense) for the half year	-	-	(80)	6,686	(9,336)	(2,730)
Balance at 31 December 2008	<u>143,768</u>	<u>323</u>	<u>(167)</u>	<u>(163)</u>	<u>(87,599)</u>	<u>56,162</u>
Balance at 30 June 2009	143,768	323	(324)	(4,761)	(87,131)	51,875
Total comprehensive income / (expense) for the half year	-	-	312	(1,998)	832	(854)
Balance at 31 December 2009	<u>143,768</u>	<u>323</u>	<u>(12)</u>	<u>(6,759)</u>	<u>(86,299)</u>	<u>51,021</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 2009

	Half-year	
	2009	2008
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	50,796	66,175
Payments to suppliers and employees (inclusive of goods and services tax)	(46,783)	(67,307)
Interest received	34	85
Interest and other costs of finance paid	(89)	(44)
Income taxes received / (paid)	(897)	(1,280)
Net cash inflow / (outflow) from operating activities	3,061	(2,371)
Cash flows from investing activities		
Payment for property, plant and equipment	(101)	(466)
Payment for investments	-	(307)
Payment for purchase of licences, trademarks and distribution rights	(74)	(168)
Net cash inflow / (outflow) from investing activities	(175)	(941)
Cash flows from financing activities		
Proceeds from borrowings	-	3,505
Repayment of finance leases	-	(124)
Repayment of borrowings	-	-
Net cash inflow / (outflow) from financing activities	-	3,381
Net increase / (decrease) in cash held	2,886	69
Cash and cash equivalents at the beginning of the half year	11,285	7,346
Effect of exchange rates on cash holding in foreign currencies - gain / (loss)	(904)	920
Cash at the end of the reporting period	13,267	8,335

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 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 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 2009, the Directors' Report included within this half year report, 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, except as noted below.

(a) *Change in accounting estimates*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

During the current half year, management has revised its assumption about the useful life of one of the consolidated entity's trademarks. This trademark was previously assumed to be an intangible asset with an indefinite life, but management has revised this estimate and now assume that the brand has a remaining 10 year life. This change in assumption is due to a change in the distribution strategy for the brand which has resulted in lower sales, that has lead to an impairment of this intangible asset in the current period (\$421,000). As a result of the revision to this accounting estimate, this intangible asset will be amortised over its remaining useful life, beginning from 1 July 2009. The amortisation charge, will be \$148,000 per annum for the next 10 years.

(a) *Change in the presentation format of the financial statements*

The Group has changed the format of its financial statements in the interim report for the half year ended 31 December 2009. This was necessary as the revised AASB 101 *Presentation of Financial Statements* (issued September 2007) is operative from 1 January 2009. Any consequential changes made to other standards, including AASB 134 *Interim Financial Reporting* also apply from that date and are therefore mandatory for the interim period ending 31 December 2009.

NOTE 2. SEGMENT INFORMATION

(a) **Description of Segments**

Operating segments are determined in accordance with AASB 108 *Operating Segments*, consistent with previous reporting periods, as the Group adopted this standard from 1 July 2007.

To identify the operating segments of the business, management has considered the business from both a product and geographic perspective, as well as considering the way information is reported internally to management and the Board of Directors. As the business deals in predominantly one business segment – the sale of goods in the Action Sports market, management has determined that there are three operating segments based on the geographical location of each of the Divisional offices, each of which is headed by a Divisional President. These operating segments are Australasia, North America and Europe. The Board monitors the performance of each of these segments separately.

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an arms-length basis and are eliminated on consolidation.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2009

NOTE 2. SEGMENT INFORMATION (cont'd)

(b) Segment Results

Half Year 2009	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated (1) \$'000	Total \$'000
Total Segment Revenue	14,716	24,492	8,856	-	48,064
Internal Segment Revenue	-	(571)	-	-	(571)
External Segment Revenue	14,716	23,921	8,856	-	47,493
Segment Result (EBITDA)	1,538	2,190	613	(1,077)	3,264
Depreciation	(157)	(124)	(84)	-	(365)
Amortisation	(74)	(251)	(9)	-	(334)
Impairment	(421)	-	-	-	(421)
Total Segment Result (EBIT)	886	1,815	520	(1,077)	2,144
				Net Interest (expense) / Income	(55)
				Operating profit before tax	2,089
				Income tax (expense) / benefit	(1,257)
				Net profit after tax	832

(1) "Unallocated" expenses represent Corporate expenses.

Half Year 2008	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated (1) \$'000	Total \$'000
Total Segment Revenue	21,440	29,759	10,359	-	61,558
Internal Segment Revenue	-	(1,033)	-	-	(1,033)
External Segment Revenue	21,440	28,726	10,359	-	60,525
Segment Result (EBITDA)	309	(1,564)	(2,566)	(1,833)	(5,654)
Depreciation	(428)	(151)	(72)	-	(651)
Amortisation	-	(213)	(10)	-	(223)
Total Segment Result (EBIT)	(119)	(1,928)	(2,648)	(1,833)	(6,528)
				Net Interest (expense) / Income	41
				Operating profit before tax	(6,487)
				Income tax (expense) / benefit	(2,849)
				Net profit / (loss) after tax	(9,336)
<i>Significant items included in Segment Result</i>					
One-off costs of restructure (Note 3)	962	198	786	178	2,124

(1) "Unallocated" expenses represent Corporate expenses.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2009

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

	2009	2008
	\$'000	\$'000
Profit / (loss) for the half-year includes the following expenses that are unusual because of their nature, size or incidence:		
<i>Impacts on profit before tax:</i>		
One-off costs of restructure	-	(2,124)
Impairment of intangible assets	(421)	-
Total significant items – profit before tax	<u>(421)</u>	<u>(2,124)</u>
<i>Impacts on income tax expense:</i>		
Tax effect of significant items	126	637
Derecognition of deferred tax assets relating to unutilised tax losses (1)	(691)	(5,018)
Adjustment to provision for potential tax liabilities associated with on-going tax audits	-	478
Total significant items - income tax expense	<u>(565)</u>	<u>(3,903)</u>
Net impact of significant items on half-year profit / (loss)	<u>(986)</u>	<u>(6,027)</u>

(1) The tax assets that have been derecognised during the current period are made up of both current and prior period tax losses.

NOTE 4. FINANCING FACILITIES

The consolidated entity had access to the following borrowing facilities at the reporting date.

	Dec	June
	2009	2009
	\$'000	\$'000
Secured receivables financing facilities		
- amount used	2,815	4,517
- amount unused	2,210	1,965
	<u>5,025</u>	<u>6,482</u>
Unsecured multi-option facilities		
-amount used	-	-
-amount unused	481	523
	<u>481</u>	<u>523</u>
Bank guarantee facilities		
- amount used	683	701
- amount unused	-	-
	<u>683</u>	<u>701</u>

NOTE 5. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no matters to report subsequent to the end of the half year.

NOTE 6. CONTINGENCIES

There are no contingent assets or liabilities.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including;
 - (i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Globe International Limited 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 directors.



.....
Paul Isherwood AO
Chairman

Melbourne
26 February 2010

INDEPENDENT AUDITOR'S 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 comprise the consolidated balance sheet as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 establishing 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 2009 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.

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.

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

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 2009 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 2009 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



Lisa Harker
Partner

Melbourne
26 February 2010

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