

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report for the period ended 31 December 2018

Lodged with the ASX under Listing Rule 4.2A

Contents	Page
Results for announcement to the market	2
Directors' Report	3 - 4
Auditor's independence declaration	5
Income statement	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the accounts	11 - 15
Directors' declaration	16
Independent Auditor's review report to members	17 -18

This interim financial report includes the consolidated financial statements of the consolidated entity consisting of Globe International Limited and its subsidiaries. Unless otherwise noted, all financial information relates to the consolidated group.

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report - 31 December 2018

Results for Announcement to the Market

Consolidated Entity

	Half-year 2018 \$'000	Half-year 2017 \$'000	Movement \$'000	Movement %
Net sales	77,893	70,057	7,836	11.2
Revenue from ordinary activities	78,117	70,223	7,894	11.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,037	4,089	948	23.2
Earnings before interest and tax (EBIT)	4,448	3,547	901	25.4
Net profit after tax attributable to members (NPAT)	4,262	3,408	854	25.1

Dividends	Amount per security	Franked portion of dividend	Franked amount per security
Interim dividend	6 cents	0%	nil

Record date for determining entitlements to the dividend

8 March 2019

NTA Backing	Current Period 31 December 2018	Previous Period 30 June 2018
Net tangible asset backing per ordinary security	1.03	0.96

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 2018.

DIRECTORS

The following persons were directors of the Company during the whole or part (indicated in brackets) thereof of the half-year period:

Paul Isherwood AO (ceased on 27 October 2018)
Norman O'Bryan AM SC (appointed on 26 October 2018)
Peter Hill
Stephen Hill

REVIEW OF OPERATIONS

The consolidated entity, compared to the prior corresponding period (pcp), reported an increase in profits driven by continued revenue growth for the half-year.

- Revenues of \$78.1 million and Net sales of \$77.9 million were both 11% higher than the prior corresponding period (8% higher than the pcp in constant currency terms)
- Earnings before interest, tax, depreciation and amortization (EBITDA) of \$5.0 million were 23% or \$0.9 million higher than the pcp.
- Net profit after tax (NPAT) of \$4.3 million for the half year was 25% higher than the pcp.
- Cash used in operations during the period was \$4.5 million, compared to the \$5.2 million cash generated in the prior corresponding period.
- The interim dividend of 6 cents compares to the 5 cents paid for the 2018 interim dividend.

Net sales of \$77.9 million grew by \$7.8 million or 11% compared to the prior corresponding period. This growth was driven by the Australasian and North American segments which grew by 12% and 8% respectively, in local currency terms. The growth was mainly driven by the work-wear division in Australia, while apparel was the key driver for growth in North America. In Europe, sales were lower by 6%, predominantly driven by softness in the boardsports sector.

Earnings before interest, tax, depreciation and amortization (EBITDA) of \$5.0 million for the period grew by \$0.9 million compared to the prior corresponding period. This growth in profitability was driven by the increase in sales, which was partially off-set by lower gross margins and higher costs. The lower gross margins are predominantly a result of changing business mix, as well as foreign exchange impacts. The increase in costs is mostly directed towards emerging and growth brands, to drive the growth in those brands over the coming years.

Working capital balances remain healthy with receivables consistent with the same time last year, and aged inventory reducing as compared to the prior year. However, overall current inventory has increased as changes in brand mix are leading to a change in working capital requirements for the business. As a result of inventory build, cash used in operations for the period was \$4.5 million compared to cash of \$5.2 million being generated in the prior corresponding period. The most significant factor contributing to this change is the growth in the work-wear division which requires higher levels of stock service inventory as well as bringing a change in the payables profile which is more working capital intensive.

MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

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

DIVIDENDS

During the half-year, the Company paid an unfranked final dividend of 6 cents per share, in respect of the 2018 financial year. This dividend, amounting to \$2.5 million, was paid to shareholders on 21 September 2018. The payment of this dividend took total dividends paid in respect of the 2018 financial year to 11 cents, amounting to \$4.6 million paid to shareholders.

In respect of the half-year ended 31 December 2018, the Directors have determined that an interim dividend of 6 cents per share will be paid to shareholders paid on 22 March 2019. This dividend, amounting to \$2.5 million will be unfranked (2018 partially franked interim dividend: \$2.1 million) and paid out of the Company's profit reserves.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

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 5 and forms part of the Directors' Report for the half-year ended 31 December 2018.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors pursuant to section 306(3) of the *Corporations Act 2001*.



.....
Norman O'Bryan AM SC
Chairman

Melbourne
21 February 2019



Auditor's Independence Declaration

As lead auditor for the review of Globe International Limited for the half-year ended 31 December 2018, 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.

A handwritten signature in black ink that reads 'Alison Tait'.

Alison Tait
Partner
PricewaterhouseCoopers

Melbourne
21 February 2019

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Income statement

For the half-year ended 31 December 2018

	Half-year	
	2018 \$'000	2017 \$'000
Revenue from continuing operations	78,117	70,223
Changes in inventories of finished goods and work in progress	5,664	(3,528)
Inventories purchased	(47,176)	(33,042)
Selling, distribution and administrative expenses	(19,865)	(18,978)
Employee benefits expense	(11,684)	(10,571)
Depreciation and amortisation expense	(589)	(542)
Finance costs	(111)	(69)
Profit before related income tax expense	4,356	3,493
Income tax (expense) / benefit	(94)	(85)
Profit for the half year attributable to members of Globe International Limited	4,262	3,408

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

Basic EPS (cents)	10.28	8.22
Diluted EPS (cents)	10.28	8.22

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of comprehensive income

For the half-year ended 31 December 2018

	Half-year	
	2018	2017
	\$'000	\$'000
Profit for the half year attributable to members of Globe International Limited	<u>4,262</u>	<u>3,408</u>
Other comprehensive income / (expense)		
Changes in fair value of cash flow hedges	(185)	260
Exchange differences on translation of foreign operations	805	155
Income tax relating to components of other comprehensive income	<u>59</u>	<u>(186)</u>
Other comprehensive income for the half year, net of tax	<u>679</u>	<u>229</u>
Total comprehensive income for the half year	<u>4,941</u>	<u>3,637</u>

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Balance sheet

As at 31 December 2018

	Dec 2018 \$'000	June 2018 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	9,868	16,801
Trade and other receivables	20,282	21,523
Inventories	28,618	23,113
Prepayments	3,047	2,392
Derivative financial instruments	672	857
Current tax assets	7	7
Total current assets	<u>62,494</u>	<u>64,693</u>
Non current assets		
Property, plant and equipment	1,615	1,683
Intangible assets	867	1,083
Other assets	1,946	1,859
Deferred tax assets	3,706	3,583
Total non-current assets	<u>8,134</u>	<u>8,208</u>
Total assets	<u>70,628</u>	<u>72,901</u>
LIABILITIES		
Current liabilities		
Trade and other payables	24,303	28,090
Current tax liability	130	646
Provisions	1,230	1,859
Total current liabilities	<u>25,663</u>	<u>30,595</u>
Non-current liabilities		
Provisions	677	587
Other liabilities	789	673
Total non-current liabilities	<u>1,466</u>	<u>1,260</u>
Total liabilities	<u>27,129</u>	<u>31,855</u>
NET ASSETS	<u>43,499</u>	<u>41,046</u>
Equity		
Contributed equity	144,223	144,223
Treasury Shares	(487)	(487)
Reserves	(5,100)	(5,779)
Retained profits/(losses)	(95,137)	(96,911)
Total equity	<u>43,499</u>	<u>41,046</u>

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of changes in equity

As at 31 December 2018

	Contributed equity \$'000	Treasury Shares \$'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 1 July 2017	144,223	(487)	323	(227)	(7,394)	(101,204)	35,234
Profit for the year	-	-	-	-	-	3,408	3,408
Other comprehensive income	-	-	-	179	50	-	229
Total comprehensive income for the year	-	-	-	179	50	3,408	3,637
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(2,073)	(2,073)
Balance at 31 December 2017	144,223	(487)	323	(48)	(7,344)	(99,869)	36,798
Balance at 1 July 2018	144,223	(487)	323	596	(6,698)	(96,911)	41,046
Profit for the year	-	-	-	-	-	4,262	4,262
Other comprehensive income	-	-	-	(126)	805	-	679
Total comprehensive income for the year	-	-	-	(126)	805	4,262	4,941
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(2,488)	(2,488)
Balance at 31 December 2018	144,223	(487)	323	470	(5,893)	(95,137)	43,499

The above 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 2018

	Half-year	
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	83,951	73,587
Payments to suppliers and employees (inclusive of goods and services tax)	(87,674)	(68,296)
Interest received	19	16
Interest and other costs of finance paid	(111)	(69)
Income taxes received / (paid)	(635)	4
Net cash inflow / (outflow) from operating activities	(4,450)	5,242
Cash flows from investing activities		
Payment for property, plant and equipment	(253)	(461)
Net cash inflow / (outflow) from investing activities	(253)	(461)
Cash flows from financing activities		
Dividends paid	(2,488)	(2,073)
Net cash inflow / (outflow) from financing activities	(2,488)	(2,073)
Net increase / (decrease) in cash held	(7,191)	2,708
Cash and cash equivalents at the beginning of the half year	16,801	10,810
Effect of exchange rates on cash holding in foreign currencies - gain / (loss)	258	56
Cash at the end of the reporting period	9,868	13,574

The above 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 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and on the basis of accounting policies consistent with the 30 June 2018 annual report, with the exception of the introduction of new accounting standards which has impacted accounting policies as outlined at (a) below. The accounting policy with regards to the fair value measurement of financial assets and liabilities is disclosed at (b) below, in accordance with *AASB 134*. Finally, the likely impact of new accounting standards and interpretations that have been published that are not mandatory for 31 December 2018 reporting periods, and which have not yet been adopted by the consolidated entity, are outlined below at (c). There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(a) Application of new accounting standards in the current period

AASB 15 Revenue from Contracts with Customers - Effective for reporting periods on or after 1 January 2018

AASB 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced existing revenue recognition guidance as applied by the consolidated entity under AASB 118 Revenue. The core of AASB 15 is that revenue is recognised when control of the goods or services passes to customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

At the time of AASB 15 adoption, the consolidated entity has reviewed its arrangements with customers to identify potential changes in timing of revenue recognition, measurement of the amount of revenue and note disclosure between the previously applied standard AASB 118 and the newly adopted standard AASB 15, however, this did not result in any material changes to the consolidated entity's financial performance, financial position or material adjustment to the comparative financial information.

AASB 9 Financial Instruments - Effective for reporting periods on or after 1 January 2018

AASB 9 replaced the existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 simplified the classification and recognition of financial instruments, introduced a new expected credit loss model for calculating impairment of financial assets and aligned hedge accounting more closely with an entity's risk management practices. It also carried forward the guidance on recognition and derecognition of financial instruments from AASB 139. The application of the new standard did not have a material impact on the classification, recognition and measurement of the consolidated entity's financial instruments, trade receivables or hedge accounting.

(b) Fair value of financial instruments

Classification and measurement

Financial assets and liabilities, excluding derivatives, are measured at amortised cost less, in the case of trade receivables, expected lifetime losses recognised from initial recognition of the receivables.

Forward exchange contracts, which are entered into in the normal course of business to hedge certain foreign exchange exposures are classified as derivative financial instruments and are initially recognised at fair value on the date the derivative contract is entered into, and are subsequently measured at fair value through other comprehensive income to the extent that they are effective based on quoted market prices at the end of the reporting period. The quoted market price used is the current bid price.

The consolidated entity does not hold any "financial assets at fair value through profit and loss". Other investments, presented as other assets, are initially recognised at fair value plus transaction costs. These assets are subsequently measured at cost less impairment losses, as the fair value cannot be reliably measured. With the exception of other assets, for which the fair value cannot be reliably measured, the fair value of the consolidated entity's financial assets and liabilities is materially equal to their carrying value.

Impairment

The new impairment model under AASB 9 is based on an expected credit loss model and applies to financial assets measured at amortised cost. The consolidated entity assesses at each balance date whether there is objective evidence that any financial asset or group of financial assets or other asset is impaired. In the case of other investment assets, a significant or prolonged decline in the future benefit to be recovered from the asset is considered as an indicator that the asset is impaired. Impairment losses on investments and receivables are recognised directly in the income statement.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Application of new accounting standards in future periods

AASB 16 Leases - Effective for reporting periods on or after 1 January 2019

The consolidated entity has reviewed the new standard and expects this standard will have a material impact on the income statement and balance sheet upon application. The Corporate team has undertaken a full assessment of the new accounting standard, collated and reviewed all of the consolidated entities' existing leases and built financial models to determine the impact on the measurement and presentation of our financial statements. The likely impact upon transition has been quantified based on our current lease portfolio, having made a number of assumptions with regards to interest rates, lease renewal options and other areas that require judgement. In addition, where leases are due to expire before the transition date and are expected to be renewed for a further term, we have made assumptions about the likely commercial terms of the new lease. The figures below are an estimation based on the information available today, which is consistent with the information presented in the financial statements for the year ended 30 June 2018, as there has been no major unplanned changes to the lease portfolio since that time. This is subject to change as new leases are entered into between now and the transition date.

The consolidated entity plans to adopt AASB 16 using the modified retrospective method, with the effect of initially applying this standard recognised at the date of initial application. As a result, under AASB 16, there will be an adjustment to the opening balance of the consolidated entity's equity.

Management's assessment of the likely impact of the adoption of this standard at transition date is:

- Total liabilities will increase by approximately \$12.8 million due to the recognition of a lease liability representing all future lease commitments.
- Total assets will increase by approximately \$11.9 million due to the recognition of "Right to Use" asset for all existing operating leases.
- Accumulated losses will increase by approximately \$0.9 million due to the transitional impact of the application of the new rules.
- Earnings before interest, tax, depreciation and amortization (EBITDA) will be higher in the transition year by approximately \$3.5m due to the elimination of operating lease expenses. This will be off-set by a correlating increase in interest expense (approximately \$0.6 million) and depreciation (approximately \$2.9 million).

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2018

NOTE 2. SEGMENT INFORMATION

(a) Description of Segments

Operating segments are determined in accordance with AASB 8 *Operating Segments*. 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. Ultimately, there are many ways that the business is broken down for internal reporting, depending on the user and the purpose of the report. From a product perspective, information may be reported by brand (Globe, Almost, Stussy etc), by product category (footwear, apparel, hardgoods) or by market (action sports, streetwear or workwear). None of these bases for reporting is more predominantly used than the other. The only consistent break-down of the business from a management reporting perspective is by region. Accordingly, management has determined that there are three operating segments based on the geographical location of each of the regional offices. Each regional office is headed by a President or Vice President. These operating segments are Australasia, North America and Europe. Management and the Board monitor the performance of each of these segments separately and consistently.

Segment revenues, expenses and results within each region are based on the location of the divisional office that generated the sale or expense, rather than the location of the end customer or underlying activity.

Segment Revenues

Segment revenue includes all sales of goods and receipts from licensing income, but excludes interest income. There are no inter-segment revenues.

Segment Result

Earnings before interest, tax, depreciation and amortisation (EBITDA) is the basis for the segment result as this is the most common measure used by the CEO and the board of directors to measure the performance of the operating segments. Segment result excludes the following items as these costs are excluded by management when assessing the performance of the operating segments:

- Central corporate costs;
- Investments in new brands and new technologies for new products;
- Trademark protection costs where these costs (a) relate to a global brand; and (b) are significant.

These costs are "unallocated" in the segment report. All other costs are predominantly allocated to the segments based on the location of the expenditure, or based on a reasonable allocation of costs where the costs are centrally incurred. Globe brand development costs, including marketing creation and product design and development, are incurred centrally. To determine segment profitability, these costs are allocated by one-third to each of the operating segments for management and segment reporting purposes. Where applicable, when internal allocations are modified in order to report segment performance to the CEO and board of directors, prior year figures are represented within the segment report to ensure comparability to the current period.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2018

NOTE 2. SEGMENT INFORMATION (continued)

(b) Segment Results

Half-year ended 31 Dec 2018	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Segment Revenue					
Total Segment Revenue	42,776	23,593	11,729	-	78,098
Segment Result (EBITDA)					
	7,482	(470)	484	(2,459)	5,037
Depreciation	(134)	(176)	(62)	-	(372)
Amortisation	-	-	-	(217)	(217)
Total Segment Result (EBIT)	<u>7,348</u>	<u>(646)</u>	<u>422</u>	<u>(2,676)</u>	<u>4,448</u>
					Net Interest (expense) / Income <u>(92)</u>
					Operating profit before tax 4,356
					Income tax (expense) / benefit <u>(94)</u>
					Net profit after tax <u><u>4,262</u></u>

Half-year ended 31 Dec 2017	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Segment Revenue					
Total Segment Revenue	38,312	20,133	11,762	-	70,207
Segment Result (EBITDA)					
	6,721	(262)	581	(2,951)	4,089
Depreciation	(133)	(134)	(58)	-	(325)
Amortisation	-	-	-	(217)	(217)
Total Segment Result (EBIT)	<u>6,588</u>	<u>(396)</u>	<u>523</u>	<u>(3,168)</u>	<u>3,547</u>
					Net Interest (expense) / income <u>(54)</u>
					Operating profit before tax 3,493
					Income tax (expense) / benefit <u>(85)</u>
					Net profit after tax <u><u>3,408</u></u>

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2018

NOTE 3. DIVIDENDS

During the half-year, the Company paid an unfranked final dividend of 6 cents per share, in respect of the 2018 financial year. This dividend, amounting to \$2.5 million, was paid to shareholders on 21 September 2018. The payment of this dividend took total dividends paid in respect of the 2018 financial year to 11 cents, amounting to \$4.6 million paid to shareholders.

In respect of the half-year ended 31 December 2018, the Directors have determined that an interim dividend of 6 cents per share will be paid to shareholders on 22 March 2019. This dividend, amounting to \$2.5 million will be unfranked (2018 partially franked interim dividend: \$2.1 million) and paid out of the Company's profit reserves.

NOTE 4. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

NOTE 5. CONTINGENCIES

There are no contingent assets or liabilities.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 15 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 2018 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 pursuant to section 303(5) of the *Corporations Act 2001*.



.....
Norman O'Bryan AM SC
Chairman

Melbourne
21 February 2019



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 (the Company), which comprises the balance sheet as at 31 December 2018, the statement of comprehensive income, statement of changes in equity, statement of cash flows and income statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Globe International Limited. The Group comprises 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 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. 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.

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:

1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Alison Tait' in a cursive style.

Alison Tait
Partner

Melbourne
21 February 2019

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