Globe International Limited

ABN 65 007 066 033

Appendix 4D
Half-Year Report - 31 Dec 2004

Lodged with the ASX under Listing Rule 4.2A

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Appendix 4D

Half-Year Report - 31 Dec 2004

Results for Announcement to the Market

	Change from previous Half Year			2004
				$'000
Revenue from ordinary activities	Up	20.0%	to	108,537
Profit/(loss) from ordinary activities after tax attributable to members	Down	59.2%	to	1,252
Net profit/(loss) for the period attributable to members	Down	59.2%	to	1,252

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	1 cent	1 cent

Record date for determining entitlements to the dividend: 21 March 2005

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security (cents)	17.0c	16.1c

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 "Globe") at the end, or during, the half-year ended 31 December 2004.

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 operations of the consolidated entity 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 2004.

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 21st[th] February 2005

PRICEWATERHOUSECOOPERS

Auditors' Independence Declaration

As lead auditor for the review of Globe International Limited for the half year ended 31 December 2004, 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

Melbourne
21 February 2005

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of Financial Performance

For the half-year ended 31 December 2004

	Consolidated	
	December 2004 $ 000's	December 2003 $ 000's
Revenue from Ordinary Activities	108,537	90,461
Less:		
Changes in Inventories of finished goods and work in progress	(1,377)	(645)
Raw materials and consumables used	(54,992)	(45,021)
Employee benefits expense	(13,903)	(11,094)
Depreciation and Amortisation expense	(3,593)	(3,405)
Borrowing Costs Expense	(524)	(692)
Selling, general and administrative expenses	(30,962)	(24,966)
Profit from ordinary activities before related income tax expense	3,186	4,638
Income tax (expense)	(1,489)	(1,571)
Profit from ordinary activities after tax	1,697	3,067
Net profit attributable to outside equity interests	(445)	(2)
Net Profit attributable to members of Globe International Limited	1,252	3,065
Net Exchange difference on translation of financial reports of foreign controlled entities	(2,719)	(2,638)
Total revenues, expenses and valuation adjustments attributable to members of Globe International Limited recognised directly in equity	(2,719)	(2,638)
Total Changes in equity attributable to members of Globe International Limited other than those resulting from transactions with owners as owners	(1,467)	427
Earnings per share (EPS)		
Basic EPS	0.30 cents	0.74 cents
Diluted EPS	0.30 cents	0.74 cents

The above statement of financial performance should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of Financial Position

As at 31 December 2004

	Consolidated	
	December 2004 $000's	**June 2004 $000's**
Current Assets		
Cash Assets	8,843	31,404
Receivables	49,492	34,008
Inventories	20,837	22,469
Other	5,125	6,129
Total Current Assets	84,297	94,010
Non-current Assets		
Property, Plant & Equipment	7,473	7,453
Investments	846	954
Intangible Assets	68,028	69,403
Deferred Tax Assets	6,132	7,137
Other	4	6
Total Non-Current Assets	82,483	84,953
Total Assets	166,780	178,963
Current Liabilities		
Payables	12,436	17,581
Interest-bearing liabilities	7,937	6,544
Current Tax Liabilities	1,303	1,661
Provisions	967	1,104
Total Current Liabilities	22,643	26,890
Non Current Liabilities		
Interest Bearing Liabilities	4,843	7,617
Deferred Tax Liabilities	531	507
Provisions	424	384
Total Non Current Liabilities	5,798	8,508
Total Liabilities	28,441	35,398
Net Assets	138,339	143,565
Issued Capital	184,109	184,167
Reserves	(8,586)	(5,867)
Retained Profits	(37,796)	(34,902)
Outside Equity Interest	612	167
Total Shareholders' equity	138,339	143,565

The above statement of financial position 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 2004

	Consolidated	
	December 2004 $000's	December 2003 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	95,871	92,584
Payments to suppliers and employees (inclusive of goods and services tax)	(109,793)	(86,337)
Interest received	203	278
Borrowing costs	(524)	(1,066)
Income Taxes paid	(938)	(2,423)
Net cash inflow from operating activities	**(15,181)**	**3,036**
Cash flows from investing activities		
Payment for purchase of business	(839)	-
Payment for property plant and equipment	(1,768)	(1,201)
Net cash inflow/(outflow) from investing activities	**(2,607)**	**(1,201)**
Cash flows from financing activities		
Proceeds from borrowings	1,998	-
Repayment of borrowings	(2,006)	(6,530)
Dividends paid	(4,146)	-
Net cash inflow/(outflow) from financing activities	**(4,154)**	**(6,530)**
Net increase/(decrease) in cash held	**(21,942)**	**(4,695)**
Cash at the beginning of the reporting period	31,404	26,422
Effects of exchange rate changes on cash - gain / (loss)	(619)	(657)
Cash at the end of the reporting period	**8,843**	**21,070**

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

Notes to the Accounts

For the half- year ended 31 December 2004

NOTE 1. BASIS OF PREPARATION OF THE ACCOUNTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2004, has been prepared in accordance with the Accounting Standards including AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board 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. It is recommended that this report is read in conjunction with the Annual Financial Report of Globe International Limited as at 30 June 2004 together with any public announcements made by Globe International Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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

NOTE 2. SEGMENT INFORMATION

Primary Reporting – Geographical segments

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	3,323	145	845	4,313
Unallocated expenses				(1,127)
Profit from ordinary activities before related income tax expense				3,186

Half Year 2003	**Australasia**	**North America**	**Rest of the World**	**Consolidated**
	$'000	$'000	$'000	$'000
Total Segment Revenue	54,295	26,625	9,541	90,461
Segment Result	6,575	(1,882)	1,013	5,706
Unallocated expenses				(1,068)
Profit from ordinary activities before related income tax expense				4,638

INTERSEGMENT TRANSACTIONS	**2004**	**2003**
	$'000	**$'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:	232	-

NOTE 3. DIVIDENDS

Ordinary Shares	2004 $'000	2003 $'000
Dividends paid during the half-year	4,146	-

NOTE 4. CHANGES IN CONTINGENT LIABILITIES

Letter of credit

Letters of credit executed and outstanding at balance date amount to $4.0 million (as at 30 June 2004 $7.0 million). These relate to purchase of inventory during the 2004 financial year.

NOTE 5. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained losses as at 1 July 2004.

The consolidated entity has established a project team to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required information. The project team is chaired by the Chief Financial Officer and reports to the audit committee. To date the project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available and some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

The major changes identified to the consolidated entity's existing accounting policies to date, include the following:

(i) *Income tax*

Under the Australian equivalent to IAS 12 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

(ii) *Intangible assets – goodwill*

Under the Australian equivalent to IFRS 3 *Business Combinations*, amortisation of goodwill will be prohibited, and will be replaced by an annual impairment test focusing on discounted future cash flows associated with the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years.

NOTE 5. INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(iii) Financial Instruments

Under the Australian equivalent to IAS 39 *Financial Instruments: Recognition and Measurement* there will be changes as a result of foreign exchange contracts held for hedging purposes being accounted for as cash flow hedges. Changes in the fair value of those contracts will be recognised directly in the profit and loss account until the hedged transaction occurs, in which case the amounts recognised in the profit and loss account will be included in the initial cost of the assets acquired. Currently, the costs or gains arising under contracts together with any realised or unrealised gains from measurement are included in assets or liabilities as deferred losses or deferred gains.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been fully reviewed yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

DIRECTORS' DECLARATION

The directors declare that:

(1) the financial statements as set out on pages 5 to 10 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 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended 2004 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 21st February 2005

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Paul Isherwood

Chairman

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

Independent review report to the members of Globe International Limited

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:

- 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 Group (defined below) as at 31 December 2004 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 1029: *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 statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Globe International Group (the consolidated entity), for the half-year ended 31 December 2004. 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.

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 1029: *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 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

PricewaterhouseCoopers

C Dodd

Chris Dodd	Melbourne
Partner	21 February 2005

PRICEWATERHOUSECOOPERS

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 (the Company) for the half-year ended 31 December 2004 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 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:

- 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 Group (defined below) as at 31 December 2004 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 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

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Scope

The financial report and directors' responsibility

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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.

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 1029: *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 and cash flows.

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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
21 February 2005