

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report for the period ended 31 Dec 2007

Lodged with the ASX under Listing Rule 4.2A

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ABN 65 007 066 033

Appendix 4D

Half-Year Report - 31 Dec 2007

Results for Announcement to the Market

	Change from previous Half-year			2007
				\$'000
Revenue from ordinary activities:				
- Total group	Down	(35%)	to	63,478
- Continuing business	Up	3%	to	63,478
Profit / (loss) from ordinary activities after tax attributable to members				
- Total group	Up	109%	to	288
- Continuing business	Up	106%	to	288
Net profit / (loss) for the period attributable to members				
- Total group	Up	109%	to	288
- Continuing business	Up	106%	to	288

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	\$1.22	\$1.23

Explanation of Result

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

Directors' Report

Your directors present their report on the consolidated entity of Globe International Limited ("the Company") and its controlled entities (collectively "the Group") as at the end of, or during, the half-year ended 31 December 2007.

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
Richard Alcock
Peter Hill
Stephen Hill

REVIEW OF OPERATIONS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The company completed a Return of Capital to shareholders of \$8.6 million on 14 February 2008 from the proceeds of the sale of the World Industries trademark in June 2007.

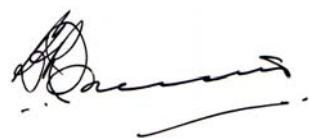
AUDITORS' INDEPENDENCE DECLARATION

A copy of 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 2007.

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
Chairman

Melbourne
25 February 2008

Auditor's Independence Declaration

As lead auditor for the review of Globe International Limited for the half year ended 31 December 2007, 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
25 February 2008

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated income statement

For the half-year ended 31 December 2007

	Notes	Half-year	
		2007 \$'000	2006 \$'000
Revenue from continuing operations		63,478	61,748
Other income		372	99
Changes in inventories of finished goods and work in progress		(677)	(4,125)
Inventories purchased		(30,756)	(27,867)
Employee benefits expense		(9,869)	(8,358)
Depreciation and amortisation expense		(934)	(2,748)
Impairment of goodwill		-	(1,635)
Finance costs		(68)	(339)
Selling and administrative expenses		(20,959)	(22,521)
Profit / (loss) before related income tax expense	(3)	587	(5,746)
Income tax (expense) / benefit		(299)	1,273
Profit/(loss) from continuing operations		288	(4,473)
Profit / (loss) from discontinuing operations	(4)	-	1,526
Profit / (loss) for the half year		288	(2,947)
Profit attributable to minority interests		-	(143)
Profit / (loss) attributable to members of Globe International Limited		288	(3,090)

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

Basic EPS *	0.69 cents	(10.79) cents
Diluted EPS *	0.69 cents	(10.79) cents

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

Basic EPS *	0.69 cents	(7.45) cents
Diluted EPS *	0.69 cents	(7.45) cents

* 2006 comparatives have been adjusted to reflect the 1:10 share consolidation that was completed on 18 June 2007.

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated balance sheet

For the half-year ended 31 December 2007

ASSETS	Dec 2007 \$'000	June 2007 \$'000
Current assets		
Cash and cash equivalents	20,612	22,634
Trade and other receivables	23,001	24,622
Inventories	13,442	14,486
Total current assets	57,055	61,742
Non current assets		
Property, plant and equipment	2,027	2,466
Other financial assets	737	768
Intangible assets	43,632	43,356
Deferred tax assets	7,074	6,432
Total non current assets	53,470	53,022
Total assets	110,525	114,764
LIABILITIES		
Current liabilities		
Trade and other payables	10,199	10,418
Borrowings	69	1,941
Derivative financial instruments	91	87
Current tax liabilities	-	1,690
Provisions	1,167	1,581
Total current liabilities	11,526	15,717
Non-current liabilities		
Trade and other payables	436	464
Borrowings	177	211
Deferred tax liabilities	3,573	3,443
Provisions	330	313
Other	248	261
Total non-current liabilities	4,764	4,692
Total liabilities	16,290	20,409
NET ASSETS	94,235	94,355
Equity		
Contributed equity	152,368	152,368
Reserves	(4,755)	(4,347)
Retained profits/(losses)	(53,378)	(53,666)
Total equity	94,235	94,355

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 2007

	Half-year	
	2007	2006
	\$'000	\$'000
Total equity at the beginning of the half-year	94,355	132,500
Cash flow hedge reserve movement (net of tax)	(2)	(38)
Net Exchange difference on translation of financial reports of foreign controlled entities	(493)	(1,448)
Net income recognised directly in equity	(495)	(1,486)
Profit / (loss) for the half-year	288	(2,947)
Total recognised income and expenses for the half-year	(207)	(4,433)
Transactions with equity holders in their capacity as equity holders:		
Share based payments reserve (net of tax)	87	13
Distributions to minority interests	-	(257)
	87	(244)
Total equity at the end of the half-year	94,235	127,823
Total recognised income and expense for the half-year is attributable to:		
Members of Globe International Limited	(207)	(4,576)
Minority Interests	-	143
	(207)	(4,433)

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 2007

	Half-year	
	2007	2006
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	65,830	106,462
Payments to suppliers and employees (inclusive of goods and services tax)	(62,428)	(97,358)
Interest received	512	18
Interest and other costs of finance paid	(68)	(509)
Income taxes received / (paid)	(3,063)	(494)
Net cash inflow / (outflow) from operating activities	783	8,119
Cash flows from investing activities		
Payment for property, plant and equipment	(393)	(1,802)
Payment for acquisition of controlled entities	-	-
Payment for purchase of licences, trademarks and distribution rights	(466)	(1,127)
Net cash inflow / (outflow) from investing activities	(859)	(2,929)
Cash flows from financing activities		
Proceeds from borrowings	-	2,130
Repayment of finance leases	(353)	(111)
Repayment of borrowings	(1,530)	(5,353)
Dividends paid by controlled entity to outside equity interest	-	(257)
Net cash inflow / (outflow) from financing activities	(1,883)	(3,591)
Net increase / (decrease) in cash held	(1,959)	1,599
Cash and cash equivalents at the beginning of the reporting period	22,634	5,318
Effect of exchange rates on cash holding in foreign currencies - gain / (loss)	(63)	(58)
Cash at the end of the reporting period	20,612	6,859

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 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 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 2007 and any public announcements made by Globe International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporation Act 2001*.

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

NOTE 2. SEGMENT INFORMATION

(a) Change in segment accounting policy

AASB 8 *Operating Segments* was early adopted by the consolidated entity in the financial year beginning 1 July 2007. AASB replaces AASB 114, *Segment Reporting*. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change to the operating segments reported, as well as how segment revenues and expenses are included in each of the reportable segments. That is, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. Comparatives for the previous financial year have been restated.

(b) Description of Segments

Management has considered the business from both a product and geographic perspective in identifying operating segments, 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 2007

NOTE 2. SEGMENT INFORMATION (cont'd)

(c) Segment Results

Half Year 2007	Australasia \$'000	North America \$'000	Europe \$'000	Inter- segment \$'000	Unallocated (1) \$'000	Total \$'000
Total Segment Revenue	22,657	30,134	11,191	(1,016)	512	63,478
Segment Result (EBITDA)	1,811	1,661	(750)	25	(1,672)	1,075
Depreciation	(416)	(286)	(59)	-	-	(761)
Amortisation	-	(150)	(22)	-	-	(172)
Total Segment Result (EBIT)	1,395	1,225	(831)	25	(1,672)	142
						Net Interest (expense) / Income <u>445</u>
						Operating profit before tax <u>587</u>
						Income tax (expense) / benefit <u>(299)</u>
						Net Profit after Tax <u>288</u>

(1) Unallocated includes interest revenue and corporate expenses

Individually significant items

Legal fees (refer Note 5)	601	601	602	-	-	1,804
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GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2007

NOTE 2. SEGMENT INFORMATION (cont'd)

(c) Segment Results

Half Year 2006	Australasia \$'000	North America \$'000	Europe \$'000	Inter- segment \$'000	Unallocated (1) \$'000	Total \$'000
<u>Segment Revenue</u>						
Continuing operations	22,302	29,906	10,923	(1,388)	5	61,748
Discontinuing operations	35,988	-	-	-	13	36,001
Total Segment Revenue	58,290	29,906	10,923	(1,388)	18	97,749
<u>Segment Result</u>						
Continuing operations (EBITDA)	1,658	(616)	(840)	(86)	(1,157)	(1,041)
Depreciation	(366)	(471)	(125)	-	-	(962)
Amortisation / Impairment	(113)	(172)	(2,443)	-	(694)	(3,422)
Continuing operations (EBIT)	1,179	(1,259)	(3,408)	(86)	(1,851)	(5,425)
Discontinuing operations (EBITDA)	3,502	-	-	-	-	3,502
Depreciation	(915)	-	-	-	-	(915)
Amortisation / Impairment	(238)	-	-	-	-	(238)
Discontinuing operations (EBIT)	2,349	-	-	-	-	2,349
Total Segment Result (EBIT)	3,484	(1,486)	(3,137)	(86)	(1,851)	(3,076)
Net interest (expense) / revenue						(491)
Operating Profit/(Loss) Before Tax						(3,567)
Tax (Expense) / Benefit						620
Consolidated Operating Profit After Tax						(2,947)

(1) Unallocated includes interest revenue, non-segment specific amortisation and corporate expenses

Individually significant items

Doubtful debts	-	557	508	-	-	1,065
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GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2007

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

	2007 \$'000	2006 \$'000
Profit / (loss) for the half-year includes the following expenses that are unusual because of their nature, size or incidence:		
Continuing operations		
Legal costs associated with the court case identified in Note 5 (1)	1,804	-
Impairment of European goodwill	-	1,555
Accelerated amortisation of certain trademarks	-	1,582
Provisions against individually significant doubtful trade and other receivables	-	1,065
Gross impact of significant items on continuing operations	1,804	4,202
Tax effect	(541)	(892)
Net impact of significant items on half-year profit / (loss)	1,263	3,310

(1) This includes Globe's own legal costs in relation to the court case, as well as a portion of the claimant's costs which the court has ordered Globe to pay.

NOTE 4. DISCONTINUED OPERATIONS

(a) Description

On 18 October 2006 the Group announced that it had entered into an agreement to sell its Streetwear Division, consisting of its Streetwear wholesale and retail businesses in Australia and New Zealand as well as its investment in the World Brands joint venture. This sale was finalised on 2 January 2007 and, as such, the loss on sale of \$6.6 million was recognised in the second half of the financial year ended 2007. The division being disposed of is reported in the comparative information in this financial report as a discontinued operation.

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2007

NOTE 4. DISCONTINUED OPERATIONS (cont'd)

(b) Financial performance and cash flow information

	Dec 2006 \$'000
Revenue	36,001
Other income	233
Expenses from operations	(32,731)
Depreciation and amortisation expense	(1,153)
Finance costs	(170)
Profit before income tax	2,180
Income tax expense	(654)
Profit after income tax from discontinued operations	1,526
Earnings per share (cents per share)	0.4 cents
Net cash inflow from operating activities	2,645
Net cash inflow / (outflow) from investing activities	(1,052)
Net cash (outflow) from financing activities	318
Net increase in cash generated by the division	1,911

NOTE 5. CONTINGENT LIABILITIES

On 25 January 2008, the consolidated entity received a judgement in relation to a court case that was held in December 2007. The court found that a subsidiary of Globe International Limited (the Company) had infringed UK and Community trademarks, and passed off their shoes as being those of the claimant, in relation to certain models of footwear in the UK. The designs in question only impact a selection of the subsidiary's current range of footwear. The infringement is in relation to visual aspects of the design and not in relation to the Globe trademark. The design of these shoes is currently being re-worked, such that we expect there to be minimal interruption to European operations going forward. The court has awarded the claimant the right to an inquiry into damages in relation to the sales of the infringing shoes in the United Kingdom. As at the date of this financial report no claim for damages has been made and thus it is not possible to estimate the extent of damages that may be incurred. The subsidiary is currently proceeding to appeal against the decision of the court.

NOTE 6. POST BALANCE DATE EVENTS

The company completed a Return of Capital to shareholders of \$8.6 million on 14 February 2008 from the proceeds of the sale of the World Industries trademark in June 2007.

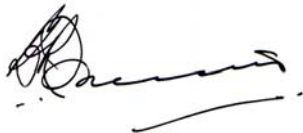
DIRECTORS' DECLARATION

The directors declare that:

- (1) the financial statements as set out on pages 5 to 11 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 2007 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended 2007 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 25th February 2008



.....
Paul Isherwood
Chairman

INDEPENDENT AUDITORS REVIEW REPORT

to the members of Globe International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Globe International Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Globe International Limited Group (the consolidated entity). The consolidated entity comprises both Globe International Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes 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 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Globe International Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

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

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Globe International Limited (the Company) for the half-year ended 31 December 2007 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*



PricewaterhouseCoopers



Chris Dodd
Partner

Melbourne
25 February 2008

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