

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report for the period ended 31 Dec 2012

Lodged with the ASX under Listing Rule 4.2A

Contents	Page
Results for announcement to the market	2
Directors' Report	3
Auditor's independence declaration	5
Consolidated income statement	6
Consolidated statement of comprehensive income	7
Consolidated balance sheet	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the accounts	11 - 13
Directors' declaration	14
Independent Auditor's review report to members	15 -16

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report - 31 Dec 2012

Results for Announcement to the Market

	Half-year 2012 \$'000	Half-year 2011 \$'000	Movement \$'000	Movement %
Net sales	43,852	42,267	1,585	3.8
Revenue from ordinary activities	44,224	42,690	1,535	3.6
Earnings before interest, tax, depreciation, amortization and non-recurring other income (EBITDA excluding non-recurring other income)	892	495	397	80.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	892	1,500	(608)	(40.5)
Net profit / (loss) after tax attributable to members (NPAT)	148	761	(613)	(80.6)
NPAT excluding non-recurring other income	148	81	67	82.7

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 2012
Net tangible asset backing per ordinary security	\$0.60	\$0.64

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 2012

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 \$ 0.1 million for the half-year ended 31 December 2012, which is lower than the \$0.8m NPAT reported in the prior corresponding 6 month period ended December 2011. The main reason for the reduced NPAT is the non-recurring proceeds (\$0.7m after tax) from the settlement of a legal case in the prior corresponding period.

The Group generated \$0.9 million of earnings before interest, tax, depreciation and amortisation (EBITDA), compared to the EBITDA profit of \$1.5 million earned in the prior corresponding half-year, which included net \$1.0 million in other income relating to proceeds from the settlement of a legal case. This \$0.4m underlying increase in profitability half-on-half is driven by an increase in sales.

Reported net sales for the half-year of \$43.9 million were 3.8% above the same time last year. In constant currency terms net sales were 6% higher than the prior corresponding period. This increase in net sales is driven by the continued growth in Globe branded net sales across the world, as well as growth from new initiatives in Australia, including the streetwear division (4Front) and a new workwear brand that was launched during the half year, F.X.D.

On 31 December 2012, the Group had available cash reserves of \$8.9 million (June 2012: \$10.2 million), and available financing facilities of \$2.0 million (June 2012: \$2.6 million). The utilisation of cash during the half-year is principally a result of the \$1.0 million dividend paid on 18 October 2012.

MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

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

DIVIDENDS

A final dividend for the year ended 30 June 2012 of 2.5c per fully paid ordinary share (2011: 5 cents) was paid to members during the half year. The aggregate amount of dividend, which was paid on 18 October 2012 out of profits earned in the year ended 30 June 2012, was \$1.0 million (2011: \$2.1 million). The dividend was fully franked based on tax paid at 30%.

The directors do not recommend the payment of an interim dividend for the half year ended 31 December 2012.

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 2012.

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
28 February 2013



Auditor's Independence Declaration

As lead auditor for the review of Globe International Limited for the half year ended 31 December 2012 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 'Lisa Harker'.

Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
28 February 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated income statement

For the half-year ended 31 December 2012

	Half-year	
	2012	2011
	\$'000	\$'000
Revenue from continuing operations	44,224	42,690
Other income	36	1,125
Changes in inventories of finished goods and work in progress	1,279	2,057
Inventories purchased	(25,200)	(25,329)
Employee benefits expense	(7,260)	(7,091)
Depreciation and amortisation expense	(527)	(580)
Finance costs	(10)	(4)
Selling, distribution and administrative expenses	(12,145)	(11,896)
Profit / (loss) before related income tax expense	397	972
Income tax (expense) / benefit	(249)	(211)
Profit / (loss) for the half year attributable to members of Globe International Limited	148	761

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

Basic EPS	0.36	1.84
Diluted EPS	0.36	1.84

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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of comprehensive income

For the half-year ended 31 December 2012

	Half-year	
	2012 \$'000	2011 \$'000
Profit / (loss) for the half year attributable to members of Globe International Limited	148	761
Other comprehensive income / (expense)		
Changes in fair value of cash flow hedges	(22)	171
Exchange differences on translation of foreign operations	(49)	214
Income tax relating to components of other comprehensive income	<u>(782)</u>	<u>(106)</u>
Other comprehensive income / (expense) for the half year, net of tax	<u>(853)</u>	<u>279</u>
Total comprehensive income / (expense) for the half year	<u>(705)</u>	<u>1,040</u>

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 2012

	Dec 2012 \$'000	June 2012 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	8,881	10,157
Trade and other receivables	13,070	12,473
Inventories	15,910	14,452
Prepayments	785	808
Current tax assets	330	276
Total current assets	<u>38,976</u>	<u>38,166</u>
Non current assets		
Property, plant and equipment	1,774	1,667
Other financial assets	1,323	1,348
Intangible assets	18,267	18,477
Deferred tax assets	2,179	3,055
Total non current assets	<u>23,543</u>	<u>24,547</u>
Total assets	<u>62,519</u>	<u>62,713</u>
LIABILITIES		
Current liabilities		
Trade and other payables	13,676	12,357
Derivative financial instruments	26	4
Current tax liabilities	5	-
Provisions	873	894
Total current liabilities	<u>14,579</u>	<u>13,255</u>
Non-current liabilities		
Deferred tax liabilities	3,999	3,866
Provisions	519	474
Other	165	120
Total non-current liabilities	<u>4,683</u>	<u>4,460</u>
Total liabilities	<u>19,262</u>	<u>17,715</u>
NET ASSETS	<u>43,257</u>	<u>44,998</u>
Equity		
Contributed equity	144,223	144,223
Treasury Shares	(487)	(487)
Reserves	(10,779)	(9,926)
Retained profits/(losses)	(89,700)	(88,812)
Total equity	<u>43,257</u>	<u>44,998</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 2012

	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 as at 1 July 2011	144,223	(487)	323	(111)	(10,250)	(86,801)	46,897
Total comprehensive income / (expense) for the year	-	-	-	118	161	761	1,040
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(2,073)	(2,073)
Balance as at 31 Dec 2011	144,223	(487)	323	7	(10,089)	(88,113)	45,864
Balance at 1 July 2012	144,223	(487)	323	(4)	(10,245)	(88,812)	44,998
Total comprehensive income / (expense) for the year	-	-	-	(14)	(839)	148	(705)
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(1,036)	(1,036)
Balance at 31 Dec 2012	144,223	(487)	323	(18)	(11,084)	(89,700)	43,257

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 2012

	Half-year	
	2012	2011
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	44,755	42,415
Payments to suppliers and employees (inclusive of goods and services tax)	(44,551)	(43,891)
Interest received	42	57
Interest and other costs of finance paid	(10)	(4)
Income taxes received / (paid)	(63)	184
Net cash inflow / (outflow) from operating activities	173	(1,239)
Cash flows from investing activities		
Payment for property, plant and equipment	(442)	(320)
Net cash inflow / (outflow) from investing activities	(442)	(320)
Cash flows from financing activities		
Dividends paid	(1,037)	(2,073)
Net cash inflow / (outflow) from financing activities	(1,037)	(2,073)
Net increase / (decrease) in cash held	(1,306)	(3,632)
Cash and cash equivalents at the beginning of the half year	10,157	12,320
Effect of exchange rates on cash holding in foreign currencies - gain / (loss)	30	168
Cash at the end of the reporting period	8,881	8,856

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 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose interim financial report for the half-year reporting period ended 31 December 2012 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 2012, 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.

NOTE 2. SEGMENT INFORMATION

(a) Description of Segments

Operating segments are determined in accordance with AASB 108 *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. 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. Management and the Board monitor the performance of each of these segments separately.

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

Segment revenue includes all sales of goods and receipts from licensing income, but excludes interest income.

Segment result is after the allocation of all operating expenses, which are considered to be all expenses included in Earnings Before Interest Tax Depreciation and Amortisation (EBITDA), with the exception of Corporate expenses which do not relate to any single segment and are treated as unallocated.

Total Segment Result is after deducting non-operating expenses from the segment result, including depreciation, amortisation and impairment charges.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2012

NOTE 2. SEGMENT INFORMATION (cont'd)

(b) Segment Results

Half Year 2012	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated (1) \$'000	Total \$'000
Total Segment Revenue	<u>16,276</u>	<u>19,645</u>	<u>8,261</u>	-	<u>44,182</u>
Segment Result (EBITDA)	2,341	(98)	247	(1,598)	892
Depreciation	(232)	(57)	(48)	-	(337)
Amortisation	<u>(55)</u>	<u>(129)</u>	<u>(6)</u>	-	<u>(190)</u>
Total Segment Result (EBIT)	<u>2,054</u>	<u>(284)</u>	<u>193</u>	<u>(1,598)</u>	<u>365</u>
				Net Interest (expense) / Income	<u>32</u>
				Operating profit before tax	397
				Income tax (expense) / benefit	<u>(249)</u>
				Net profit / (loss) after tax	<u>148</u>

Half Year 2011	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated (1) \$'000	Total \$'000
Total Segment Revenue	<u>13,645</u>	<u>21,375</u>	<u>7,613</u>	-	<u>42,633</u>
Segment Result (EBITDA) (2)	1,534	1,324	448	(1,806)	1,500
Depreciation	(243)	(71)	(57)	-	(371)
Amortisation	<u>(74)</u>	<u>(128)</u>	<u>(7)</u>	-	<u>(209)</u>
Total Segment Result (EBIT)	<u>1,217</u>	<u>1,125</u>	<u>384</u>	<u>(1,806)</u>	<u>920</u>
				Net Interest (expense) / Income	<u>52</u>
				Operating profit before tax	972
				Income tax (expense) / benefit	<u>(211)</u>
				Net profit / (loss) after tax	<u>761</u>

(1) The Segment Result (EBITDA) includes an "Unallocated" segment, which primarily comprises Corporate expenses.

(2) The Segment Result (EBITDA) in the half year ended 31 December 2011 includes other income of \$1.1m, of which \$1.0m relates to the net proceeds from the settlement of a legal case during that half year.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2012

NOTE 3. FINANCING FACILITIES

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

	Dec 2012 \$'000	June 2012 \$'000
Secured receivables financing facilities		
- amount used	1,950	778
- amount unused	2,026	2,909
	<u>3,976</u>	<u>3,687</u>
Secured multi-option borrowing facilities		
- amount used	-	-
- amount unused	128	125
	<u>128</u>	<u>125</u>
Bank guarantee facilities		
-amount used	312	312
-amount unused	-	-
	<u>312</u>	<u>312</u>

NOTE 4. DIVIDENDS

During the half-year a final dividend (of 2.5 cents per fully paid ordinary share) was recognised relating to the year ended 30 June 2012 (2011: 5 cents). The aggregate amount of the dividend paid was \$1.0 million (2011: \$2.1 million). The dividend was fully franked based on tax paid at 30%, and was paid on 18 October 2012.

In respect of the half-year ended 31 December 2012, the directors have resolved that no interim dividend will be paid.

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.

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 13 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 2012 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
28 February 2013



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 comprises the balance sheet as at 31 December 2012, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Globe International Limited (the consolidated entity). The consolidated entity comprises both Globe International Limited 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 (including the Australian Accounting Interpretations) 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 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 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 2012 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*.

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Lisa Harker

Lisa Harker
Partner

Melbourne
28 February 2013

THIS PAGE IS LEFT INTENTIONALLY BLANK