

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
ACN: 009 218 955**

ASX APPPENDIX 4D REPORT

AND

FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31ST DECEMBER 2005

GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
ACN: 009 218 955
DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2005.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this Report are as below, all having been in office for this entire period unless otherwise stated:

YUAN Yongkang (Chairman)
LUO Dingqiang
HUANG Jianju
CHIU Stephen
RYDER Wayne
LIANG Yunyi Ms
WEI Genchuan
ZHENG Jianwei

REVIEW AND RESULTS OF OPERATIONS

During the half-year the Company's 90% controlled entity in Zhongshan China, Grand Engineering Glass, continued operations as a manufacturer of insulated, coated and tempered glass. The net profit of the consolidated entity for the half-year, after allowing for outside equity interests in the 90% controlled entity's profit, was \$149,688 (half-year ended 31 December 2004 \$295,055). No provision has been made for Australian income tax, although the controlled entity paid income tax in China.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in Note 2 of this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes took place during the half-year in the state of affairs of the consolidated entity.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporation Act 2001 is set out on page 3 for the half-year ended 31 December 2005.

This report is signed in accordance with a resolution of the Board of Directors.



WAYNE RYDER
DIRECTOR

Dated this 7 day of MARCH 2007.

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL



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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GLOBE SECURITIES LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2005 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the review ; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BENTLEYS MRI PERTH PARTNERSHIP

**MICHAEL HILLGROVE
PARTNER**

DATED at PERTH this 7th day of March 2007

GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
ACN: 009 218 955
APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET:
Percentage Change:

| | | | | |
|--|------|-------|----|-------------|
| Revenues from ordinary activities | Down | 13.1% | to | \$7,880,427 |
| Profit (loss) from ordinary activities after tax attributable to members | Down | 49.3% | to | \$149,188 |
| Net profit (loss) for the period attributable to members | Down | 49.3% | to | \$149,688 |

NTA backing

| | | |
|---|----------------|-------------------------------|
| | Current period | Previous corresponding Period |
| Net tangible asset backing per +ordinary security | 21.0¢ | 19.0¢ |

Dividends

Dividends (distributions)

| | | |
|-------------------------------|---------------------|-----------------------------|
| | Amount per security | Franked amount per security |
| Final dividend | | |
| Interim dividend | Nil ¢ | Nil ¢ |
| Previous corresponding period | | |
| | Nil ¢ | Nil ¢ |

Record date for determining entitlements to the dividend

N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

N/A

Control gained over entities having material effect

| | |
|---|-----|
| Name of entity (or group of entities) | N/A |
| Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was acquired | \$ |
| Date from which such profit has been calculated | |
| Profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period | \$ |

Loss of control of entities having material effect

| | |
|---|-----|
| Name of entity (or group of entities) | N/A |
| Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control | \$ |
| Date to which the profit (loss) is calculated | |
| Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period | \$ |
| Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control | \$ |

Amount per security

| | Amount per security | Franked amount per security | Amount per security of foreign source dividend |
|---|---------------------|-----------------------------|--|
| <i>(Preliminary final report only)</i> Final dividend: Current year | NIL ¢ | NIL ¢ | NIL ¢ |
| Previous year | NIL ¢ | NIL ¢ | NIL ¢ |
| <i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year | NIL ¢ | NIL ¢ | NIL ¢ |
| Previous year | NIL ¢ | NIL ¢ | NIL ¢ |

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Total dividend (distribution) per security (interim plus final)

| | Current year | Previous year |
|-----------------------|--------------|---------------|
| Ordinary securities | NIL ¢ | NIL ¢ |
| Preference securities | NIL ¢ | NIL ¢ |

The dividend or distribution or reinvestment plans shown below are in operation.

| | |
|---|-----|
| N/A | |
| The last date(s) for receipt of election notices for the dividend or distribution or reinvestment plans | N/A |

Details of aggregate share of profits (losses) of associates and joint venture entities

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|--|---------------------------|---|
| Name of associates or joint venture entity | | |
| Percentage holdings | | |
| Profit (loss) from ordinary activities before income tax | N/A | N/A |
| Income tax on ordinary activities | | |
| Profit (loss) from ordinary activities after income tax | | |
| Extraordinary items net of tax | | |
| Net profit (loss) | | |
| Outside [†] equity interests | | |
| Net profit (loss) attributable to members | | |

GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3:

Current Reporting Period: 31 December 2005

Previous Corresponding Period: 31 December 2004

This Half Year Report is based on accounts to which one of the followings applies:

- The accounts have been audited
- The accounts are in the process of being audited or subject to review
- * The accounts have been subjected to review
- The accounts have not been audited or reviewed

Description of likely dispute or qualification if the accounts have not been yet audited or subject to review or are in the process of being audited or subjected to review

None Noted

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31ST DECEMBER 2005**

| | Note | Consolidated 31 December 2005 \$ | 31 December 2004 \$ |
|--|------|---|---------------------------|
| Continuing Operations | | | |
| Revenue | | | |
| Cost of sales | 3 | 7,563,670 (5,399,063) | 8,993,040 (5,972,667) |
| Gross profit | | <u>2,164,607</u> | <u>3,020,373</u> |
| Other Income | | | |
| Other Expenses | 3 | 316,757 (2,244,104) | 78,920 (2,547,148) |
| Profit from Continuing Operations before tax | | <u>237,260</u> | <u>552,145</u> |
| Income Tax Expense | | (63,743) | (215,348) |
| Profit after tax from continuing operations | | <u>173,517</u> | <u>336,797</u> |
| Profit attributable to minority Interest | | (23,829) | (41,742) |
| Net Profit attributable for members of the parent | | <u>149,688</u> | <u>295,055</u> |
| Earning per share | | | |
| Basic (cents per share) | | 0.16¢ | 0.32¢ |
| - Diluted (cents per share) | | N/A | N/A |

The accompanying notes form part of this financial report.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
CONDENSED BALANCE SHEET
AS AT 31ST DECEMBER 2005**

| | Note | Consolidated | |
|--------------------------------------|------|---------------------------|-----------------------|
| | | 31 December 2005 \$ | 30 June 2005 \$ |
| CURRENT ASSETS | | | |
| Cash Assets | | 2,102,269 | 521,036 |
| Receivables | | 5,099,522 | 5,473,801 |
| Inventories | | 848,557 | 774,430 |
| Other | | 17,277 | 21,208 |
| TOTAL CURRENT ASSETS | | 8,067,625 | 6,790,475 |
| NON CURRENT ASSETS | | | |
| Property, Plant and Equipment | | 15,078,805 | 14,763,470 |
| Intangibles | | 527,420 | 527,420 |
| Deferred Tax Asset | | 371,786 | 227,003 |
| TOTAL NON CURRENT ASSETS | | 15,978,011 | 15,517,893 |
| TOTAL ASSETS | | 24,045,636 | 22,308,368 |
| CURRENT LIABILITIES | | | |
| Payables | | 3,509,285 | 3,365,620 |
| Provisions | | 106,003 | 141,387 |
| TOTAL CURRENT LIABILITIES | | 3,615,288 | 3,507,007 |
| NON CURRENT LIABILITIES | | | |
| Payables | | 607,310 | 557,310 |
| Deferred Tax Liabilities | | 121,022 | 129,033 |
| TOTAL NON CURRENT LIABILITIES | | 728,332 | 686,343 |
| TOTAL LIABILITIES | | 4,343,620 | 4,193,350 |
| NET ASSETS | | 19,702,016 | 18,115,018 |
| EQUITY | | | |
| Issued Capital | 4 | 16,833,020 | 16,833,020 |
| Reserves | | 2,596,535 | 1,311,499 |
| Retained Profits/(Losses) | | (1,707,884) | (1,857,572) |
| Parent Entity Interest | | 17,721,671 | 16,286,947 |
| Outside Equity Interest | | 1,980,345 | 1,828,071 |
| TOTAL EQUITY | | 19,702,016 | 18,115,018 |

The accompanying notes form part of this financial report.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31ST DECEMBER 2005**

| | Share Capital | Accumulated Losses | Reserves | Total | Minority Interest | Total Equity |
|---|-------------------|-----------------------|------------------|-------------------|----------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1.7.2004 | 16,833,020 | (2,024,382) | 2,802,580 | 17,611,218 | 1,962,173 | 19,573,391 |
| Currency translation differences | - | | (2,156,759) | (2,156,759) | - | (2,156,759) |
| Minority share of Foreign Currency movement translation Reserve | - | | 75,061 | 75,061 | (75,061) | - |
| Profit for the year | - | 295,055 | - | 295,055 | 41,742 | 336,797 |
| Balance at 31.12.2004 | 16,833,020 | (1,729,327) | 720,882 | 15,824,575 | 1,928,864 | 17,753,429 |
| Balance at 1.7.2005 | 16,833,020 | (1,857,572) | 1,311,499 | 16,286,947 | 1,828,071 | 18,115,018 |
| Currency translation differences | - | | 1,413,481 | 1,413,481 | - | 1,413,481 |
| Minority share of Foreign Currency movement translation Reserve | - | | (128,445) | (128,445) | 128,445 | - |
| Profit for the year | - | 149,688 | - | 149,688 | 23,829 | 173,517 |
| Balance at 31.12.2005 | 16,833,020 | (1,707,884) | 2,596,535 | 17,721,671 | 1,980,345 | 19,702,016 |

The accompanying notes form part of this financial report.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31ST DECEMBER, 2005**

| | Note | Consolidated 31 December 2005 \$ | 31 December 2004 \$ |
|---|------|---|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers | | 8,493,362 | 8,389,736 |
| Payments to suppliers and employees | | (6,517,375) | (7,161,509) |
| Interest, bill discounts and subsidies received | | 4,497 | 4,324 |
| Interest and other costs of finance paid | | - | - |
| Income tax paid | | (183,456) | (205,047) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | <u>1,797,028</u> | <u>1,027,504</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for Property, Plant and Equipment | | (356,002) | (588,845) |
| Payment for construction in progress | | (9,929) | - |
| NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES | | <u>(365,931)</u> | <u>(588,845)</u> |
| CASH FROM FINANCING ACTIVITIES | | | |
| Proceeds from Borrowings | | 50,000 | 70,000 |
| NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES | | <u>50,000</u> | <u>70,000</u> |
| Net Increase/(Decrease) in Cash Held | | 1,481,097 | 508,659 |
| Cash at Beginning of half year | | 521,036 | 1,057,990 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies during the half year | | 100,136 | (174,738) |
| Cash at end of year | | <u><u>2,102,269</u></u> | <u><u>1,391,911</u></u> |

The accompanying notes form part of this financial report.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST DECEMBER 2005**

Note 1: Basis Of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Globe Securities Limited and its controlled entity during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Accounting Policies

(a) Going Concern

The financial statements have been prepared on a going concern basis. The parent entity is a public listed company without any business operations in Australia. Therefore its ability to continue as a going concern is dependent on it receiving adequate funding from its overseas controlled entity to meet its commitments and ongoing business activities.

(b) Principles of Consolidation

The consolidated financial statements comprise the accounts of Globe Securities Ltd. ("the Company") as chief entity and its controlled entity. A controlled entity is any entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Company.

The Company and its controlled entity together are referred to in this financial report as the economic entity. The effects of all material transactions between the entity in the economic entity are eliminated in full. Outside equity interests in the results and equity of the controlled entity are shown separately in the consolidated profit and loss statement and balance sheet respectively.

Where a controlled entity has been disposed of, or acquired during the year, its operating results have been included to the date of disposal or from the date of acquisition, as appropriate.

Investments in associates are accounted for in the consolidated accounts using the equity method. Under this method, the economic entity's share of the profits or losses of associates is recognised as revenue in the consolidated profit and loss account, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the economic entity exercises significant influence, but not control.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005 (CONT'D)**

(c) Income Tax

The controlled entity, Grand Engineering Glass (Zhongshan) Company Limited, is governed by the Income Tax Law of the People's Republic of China concerning Foreign Investment Enterprises and Foreign Enterprises and various local income tax laws (the "Income Tax Laws") and Tax Regulations Applicable to Hi-tech Development Zones (the "Tax Regulations"). Pursuant to the Tax Regulations, Sino-foreign equity joint venture enterprises and foreign wholly owned enterprises in Hi-tech Development Zones generally are subject to an income tax at an effective rate of 18% on income as reported in their statutory financial statements.

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(e) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005 (CONT'D)**

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005 (CONT'D)**

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

Depreciation and amortisation is provided on a straight-line basis on all property plant and equipment except machinery and construction-in-process, at rates calculated to allocate the cost or valuation, less estimated residual value, over the estimated useful lives of the assets. The principle annual rates used for this purpose are as follows:

| | |
|--|--------|
| Land use right | 2% |
| Buildings | 3.166% |
| Electronic Equipment | 31.6% |
| Motor vehicles, transport facilities and other equipment | 19% |

(g) Investments

Investments in controlled entities are brought to account at cost less amounts written off for permanent diminution in the value of the investments. The carrying amount is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets in that particular entity. The expected net cash flows have not been discounted to their present value in determining the recoverable accounts.

(h) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the subsidiary, Grand Engineering Glass (Zhongshan) Company Limited to employ social insurance scheme and are charged as expenses when incurred.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005 (CONT'D)**

(j) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

(l) Deferred Expenditure

Deferred expenses comprise expenses in relation to the acquisition of or entering into new business ventures. These expenses are written-off over a period of five years or such shorter period over which the benefits are expected to be realised.

(m) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the balance sheet.

(n) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005 (CONT'D)**

(o) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(p) Impairment of Assets

The carrying amounts of the consolidated entity's assets, other than stocks, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of buildings carried at revalued amount is recognized in the same way as a revaluation decrease, in which case it will be charged to equity under the heading asset revaluation reserve. All other impairment losses are recognized in the profit and loss account.

The recoverable amount is the higher of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(r) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(s) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to change in presentation for the current financial year.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005 (CONT'D)**

**NOTE 2: IMPACT ON ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS**

Reconciliation of profit after tax under AGAAP to that under AIFRS.

| | Economic Entity | |
|--|--|---|
| | Year Ended 30 June 2005 | Half Year Ended 31 December 2004 |
| Net profit reported under AGAAP | 225,131 | 336,797 |
| Write back of amortisation of goodwill (A) | <u>44,570</u> | <u>22,285</u> |
| Net Profit under AIFRS | <u>269,701</u> | <u>359,082</u> |

(A) Goodwill is not amortised under AASB 3 'Business Combinations' but was amortised under AGAAP.

Reconciliation of total equity as presented under AGAAP to that under AIFRS.

| | Economic Entity 30 June 2005 | Economic Entity 31 December 2004 | Economic Entity 1st July 2004 |
|--|---|---|---|
| Total equity under AGAAP (A) | 18,070,448 | 17,753,429 | 19,573,391 |
| - Write back of amortisation of goodwill (B) | 44,570 | 22,295 | - |
| Total Equity under AIFRS | <u>18,115,018</u> | <u>17,775,724</u> | <u>19,573,391</u> |

(A) The total equity shown above is inclusive of minority interests.

(B) Goodwill is not amortised under AASB 3 'Business Combinations' but was amortised under AGAAP.

**GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST DECEMBER 2005**

NOTE 3: REVENUE AND EXPENSES

a) Specific Items

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

| | Consolidated | |
|-------------------------------|---------------------|------------------|
| | 2005 | 2004 |
| | \$ | \$ |
| (i) Revenue | | |
| Sale of goods | 7,563,670 | 8,993,040 |
| Rental income | 43,574 | 42,722 |
| Finance income | 4,497 | 4,324 |
| Sundry income | 94,554 | 31,874 |
| | <u>7,706,295</u> | <u>9,071,960</u> |
| (ii) Other income | | |
| Government subsidies | <u>173,732</u> | <u>-</u> |
| (iii) Expenses | | |
| Depreciation and amortization | 1,038,038 | 861,306 |
| Employee benefits | <u>940,362</u> | <u>1,118,081</u> |

NOTE 4: ISSUED CAPITAL

| | | |
|--|-------------------|-------------------|
| <i>Ordinary shares</i> | | |
| Issued and fully paid | <u>16,833,020</u> | <u>16,833,020</u> |
| <i>Movements in ordinary shares on issue</i> | No. | \$ |
| At 1 July 2005 | 90,950,000 | 16,833,020 |
| At 31 December 2005 | <u>90,950,000</u> | <u>16,833,020</u> |

NOTE 5: CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

At the date of this report there is no matter or circumstance, which has arisen since the end of the half-year that has or may significantly affect the consolidated entity's state of affairs or operations or the results of those operations in the future.

NOTE 7: FINANCIAL REPORTING BY SEGMENTS

The economic entity is engaged in the business of manufacturing, marketing and distribution of coating glass for sale to customers in the People's Republic of China.

GLOBE SECURITIES LIMITED AND CONTROLLED ENTITY
ACN: 009 218 955
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Globe Securities Limited, I state that:

In the opinion of the Directors:

1. The financial statements and notes of the consolidated entity:
 - (a) give a true and fair view of the economic entity's financial position as at 31st December 2005 and the performance for the half year ended on that date of the consolidated entity; and
 - (b) comply with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001
2. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



.....
WAYNE RYDER
DIRECTOR

7 MARCH 2007.

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL



Bentleys MRI Perth Partnership
ABN 17 735 344 518

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GLOBE SECURITIES LIMITED

SCOPE

The financial report and director's responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Globe Securities Limited (the company) and the entity it controlled during the half year, and the directors' declaration for the company, for the half-year ended 31 December 2005.

The Company's directors are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", 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 of the financial report in order to make a statement about it to the members of the company, and in order for the Company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, 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 is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of their performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of the Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Director's Report.

Chartered Accountants

A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.

**STATEMENT**

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 the consolidated entity, comprising Globe Securities Limited and the entity it controlled during the half - year is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

INHERENT UNCERTAINTY REGARDING THE ABILITY OF THE PARENT ENTITY TO OPERATE AS A GOING CONCERN

Without qualification to the statement made above, attention is drawn to the following matter:

The parent entity has no cash generating operations of its own. It is therefore, dependent on its subsidiary operating in China, for cash flows to meet its operating expenses. Its ability to continue as a going concern is dependent on it receiving adequate funding from its overseas subsidiary to meet its commitments and ongoing business activities.

BENTLEYS MRI PERTH PARTNERSHIP

A handwritten signature in black ink, appearing to read "M Hillgrove", is written over a horizontal line.

MICHAEL J HILLGROVE
PARTNER

DATED at PERTH this 7th day of March 2007