



GLOBE INTERNATIONAL LTD
ANNUAL REPORT 2012
ABN 65007066033



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EST. AUSTRALIA 1994
WWW.GLOBECORPORATE.COM

GLOBE INTERNATIONAL HERITAGE

GLOBE WAS ESTABLISHED IN THE 1980'S, BORN OUT OF Hardcore Enterprises, an Australian-based company specialising in skateboards and street culture.

Peter and Stephen Hill founded Hardcore in 1984 and rapidly expanded it to become one of the world's largest skateboard distribution companies. At the time, the Hills were professional skateboarders who were dissatisfied with the quality of skate and snow products available in Australia, so they went into business to import the best from the USA.

Through constant film productions, promotions, tours, contests, video and magazine advertising, Hardcore became the driving force behind the skateboarding explosion during the mid '80s in Australia.

In 1994, along with brother and current GLOBE CEO Matt Hill, the GLOBE brand was created. After 10 years of design, production and distribution with Hardcore, it was time to create a global brand, first with shoes for skaters and surfers, and then with apparel and hardgoods for the broader boardsports market.

Fast forward to today and the same crew of skaters, surfers and snowboarders who started the business back in the '80s has grown to a global network of counter culture artisans that are united by boardsports, street fashion, media, design and film.



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SURF TEAM

DION AGIUS

FOOTWEAR RIDERS:

CJ HOBGOOD

DAMIEN HOBGOOD

TAJ BURROW

NATE TYLER

YADIN NICOL

MARK OCCHILUPO





GLOBE SNOW TEAM RIDER JP SOLBERG



SNOW TEAM

ROMAIN DE MARCHI
DAVID CARRIER PORCHERON
JP SOLBERG

SKATE TEAM

MARK APPLEYARD
CHRIS HASLAM
JAKE DUNCOMBE
DAVID GONZALEZ
RODNEY MULLEN
RYAN DECENZO
LOUIE BARLETTA
LOUIE LOPEZ











GLOBE INTERNATIONAL LIMITED

ANNUAL REPORT 2012

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(1) These financial statements cover the consolidated financial statements of the consolidated entity consisting of Globe International Limited and its subsidiaries.

Globe International Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is 1 Fennell Street, Port Melbourne, Victoria 3207. The financial statements are presented in Australian currency and were authorised for issue by the directors on 21 August 2012. The company has the power to amend and re issue these financial statements.

ABOUT GLOBE INTERNATIONAL

GLOBE INTERNATIONAL LIMITED IS AN AUSTRALIAN-FOUNDED, GLOBAL COMPANY ENGAGED IN THE DESIGN, MARKETING AND DISTRIBUTION OF APPAREL, FOOTWEAR AND SKATE HARDGOODS BRANDS FOR THE ACTION SPORTS AND STREET FASHION MARKETS. GLOBE INTERNATIONAL PRODUCTS ARE SOLD TO NEARLY 100 COUNTRIES AROUND THE WORLD. WITH OFFICES, DISTRIBUTION AND MANUFACTURING CENTRES IN MELBOURNE AUSTRALIA, LOS ANGELES USA, HOSSEGOR FRANCE, LYON FRANCE, LONDON ENGLAND, CHINA AND THE GOLD COAST AUSTRALIA.

GLOBE INTERNATIONAL'S PROPRIETARY BRANDS INCLUDE GLOBE, ENJOI, BLIND, DUSTERS, ALMOST, CLICHÉ, DARKSTAR, SPEED DEMONS, TENSOR AND GALLAZ. THE COMPANY IS LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE AND HAS THREE OPERATING SEGMENTS: AUSTRALASIA, NORTH AMERICA AND EUROPE. GLOBE INTERNATIONAL BRANDS ARE ALSO SOLD BY THIRD PARTY DISTRIBUTORS AROUND THE WORLD WITH A NUMBER OF "GLOBE" BRANDED RETAIL STORES IN VARIOUS TERRITORIES.

GLOBE INTERNATIONAL ALSO MAINTAINS A LEADING DISTRIBUTION BUSINESS OF THIRD PARTY OWNED BRANDS FOR THE AUSTRALIAN AND NEW ZEALAND MARKET OPERATING UNDER ITS HARDCORE AND 4 FRONT DIVISIONS.







GLOBE IS THE COMPANY'S LARGEST SINGLE BRAND AND FEATURES A VAST RANGE OF FOOTWEAR, APPAREL AND SKATEBOARDS MARKETED AND SOLD TO SURF, SKATE, SNOW AND STREET FASHION RETAILERS AROUND THE WORLD.

GALLAZ THE SISTER BRAND TO GLOBE, FEATURES FAST FASHION, ON TREND FOOTWEAR FOR THE ACTIVE SURF, SKATE AND STREET FEMALE MARKET.

FOUNDED IN 1994, THE GLOBE BRAND GENESIS CAME FROM THE SIMPLE DESIRE TO DEVELOP AN AUTHENTIC SKATE FOOTWEAR ALTERNATIVE FOR THE ACTION SPORTS MARKET. DESIGNED AND DEVELOPED BY ACTIVE SKATERS AND SURFERS EAGER TO CREATE THEIR OWN DEFINITIVE PRODUCTS, TODAY THE BRAND CONTINUES TO PRODUCE QUALITY FOOTWEAR INTEGRATING STYLE, TECHNICAL PERFORMANCE, COMFORT AND DURABILITY.

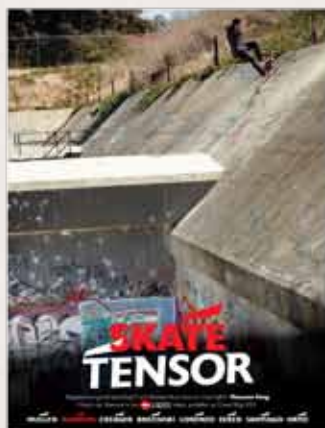
SIMILARLY, GLOBE CLOTHING WAS LATER LAUNCHED TO MEET THE INCREASING DEMAND FOR A GLOBE BRANDED APPAREL AND ACCESSORIES LINE UNIQUELY DESIGNED FOR GLOBE'S CORE CONSUMER. TODAY THE CUSTOMER BASE FOR THE GLOBE APPAREL LINE IS FAR WIDER AND FEATURES INNOVATIVE PRODUCTS THAT DRAW CUES FROM THE BROADER COMPANY'S SURF FASHION AND STREET HERITAGE WITH QUALITY PRODUCTS FEATURING ON TREND DESIGNS AND DETAILING.

MOST RECENTLY, GLOBE HAS INTRODUCED A HUGE SUCCESSFUL COLLECTION OF LIFESTYLE CRUISER SKATEBOARDS AND AS A RESULT OF INNOVATIVE PRODUCT DEVELOPMENT, MEANS TO PREMIUM PRODUCTION AND OVER 25 YEARS OF EXPERIENCE IN SKATEBOARD DISTRIBUTION THE GLOBE BRAND IS NOW A MARKET LEADER IN CRUISER SKATEBOARDS.





DWINDLE DISTRIBUTION



DWINDLE DISTRIBUTION IS THE WORLD'S LARGEST PREMIUM SKATEBOARD MANUFACTURER AND DISTRIBUTOR, COMPRISED OF MULTIPLE BRANDS ENJOI, DUSTERS, ALMOST, BLIND, CLICHE, DARKSTAR, SPEED DEMONS AND TENSOR TRUCKS. AS A PREMIUM SKATEBOARD MANUFACTURER DWINDLE USES A MULTI-BRAND APPROACH TO ACHIEVE ITS MISSION AS A SKATEBOARD AND APPAREL COMPANY, AIMING TO SERVE THE DYNAMIC WORLDWIDE SKATEBOARD MARKETPLACE IN VARIOUS DISTRIBUTION TIERS. THIS MISSION IS FACILITATED VIA A STABLE OF ENTIRELY UNIQUE AND DISTINCT SKATE BRANDS THAT EACH OCCUPY THEIR OWN NICHE, SEPARATE IDENTITY, CREATIVE DIRECTION AND DISTRIBUTION CHANNELS IN SKATE HARDGOODS AND APPAREL.

Almost
skateboards

BLIND

cliche

DARKSTAR

DUSTERS
california

enjo

SPEED DEMONS

SUPERIOR
skateboards

TENSOR



OBEY

PROPAGANDA CO

DISTRIBUTED BRANDS



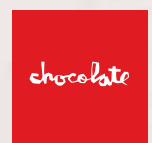
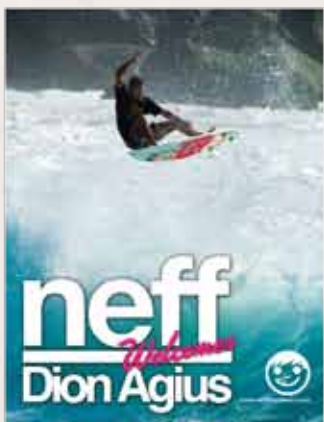
HARDCORE DISTRIBUTION

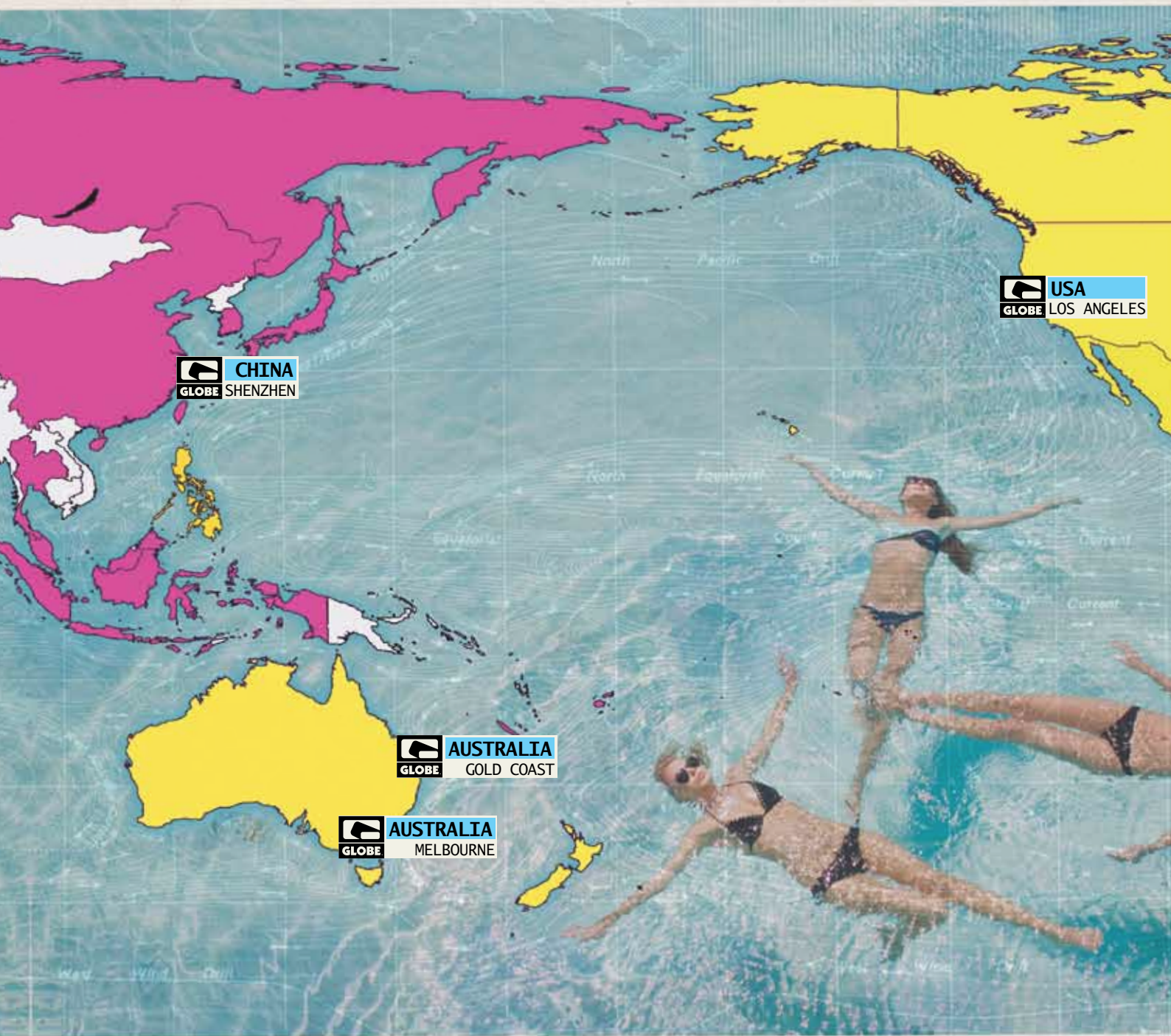
GLOBE INTERNATIONAL LIMITED'S HARDCORE DISTRIBUTION IS AUSTRALASIA'S LARGEST DISTRIBUTOR OF LEADING BRAND SKATEBOARD PRODUCTS, BOTH OWNED AND THIRD PARTY INTERNATIONAL BRANDS. LAUNCHED IN 1984, HARDCORE DISTRIBUTION IS THE FOUNDATION COMPANY OF GLOBE INTERNATIONAL. HARDCORE HAS AN UNBROKEN HERITAGE OF ALMOST 30 YEARS OF PROMOTING AND DISTRIBUTING THE BEST SKATEBOARD BRANDS AND PRO SKATERS IN THE WORLD. HARDCORE'S FOUNDERS, SENIOR MANAGEMENT, SALES STAFF, WAREHOUSE STAFF, ALL ARE SKATEBOARDERS AND ALL SKATE DAILY.

HARDCORE DISTRIBUTES OVER THIRTY BRANDS INCLUDING GIRL, FLIP, CHOCOLATE, AND THRASHER.

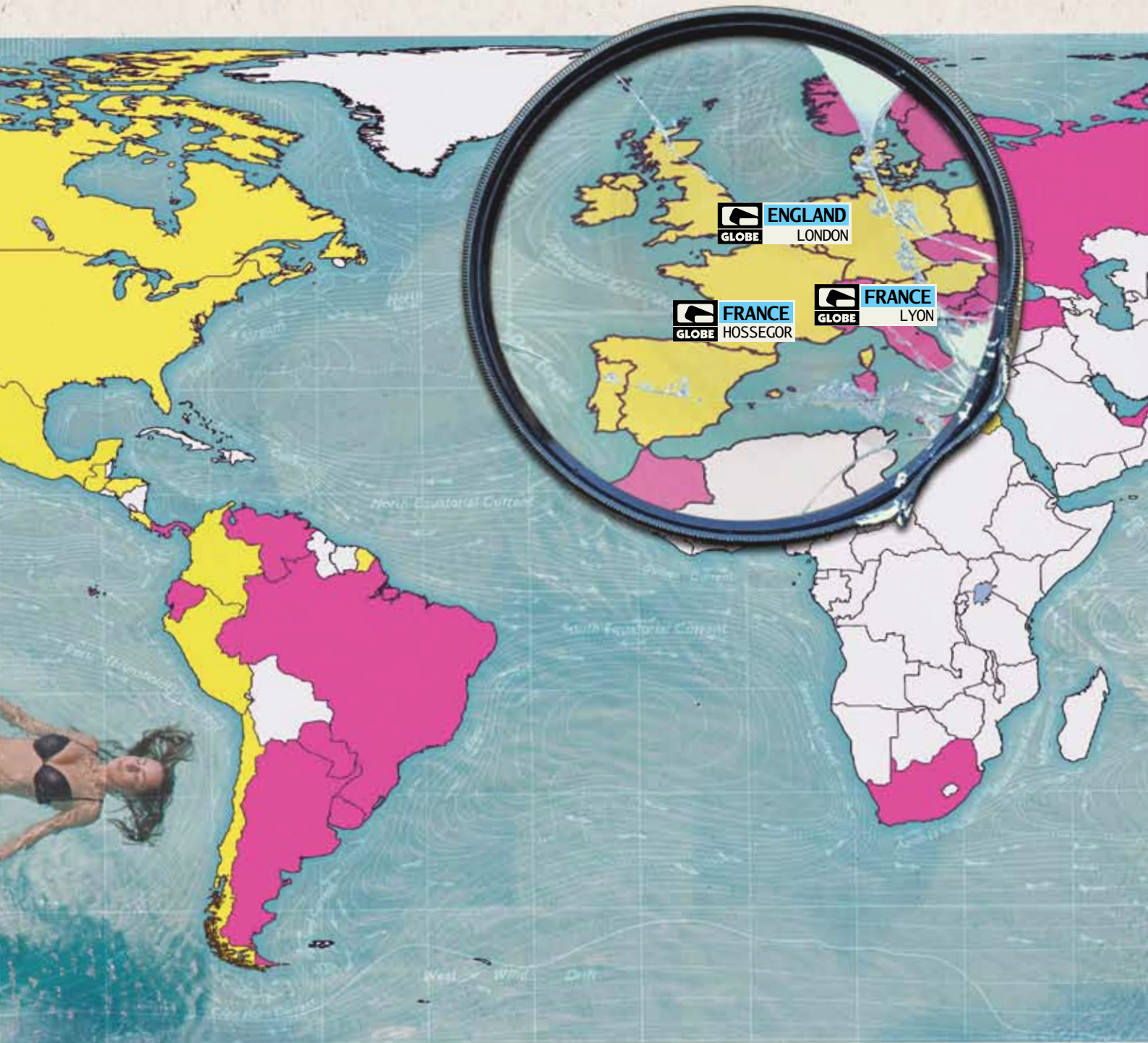
4FRONT DISTRIBUTION

GLOBE INTERNATIONAL LIMITED'S NEWEST DIVISION IS 4FRONT DISTRIBUTION. 4FRONT SPECIALISES IN THE DISTRIBUTION AND MARKETING OF GLOBAL STREET FASHION AND ART CULTURE APPAREL AND FOOTWEAR BRANDS THAT INCLUDE SHEPARD FAIREY'S OBEY, NEFF AND ENJOI.





Globe International maintains major sales, marketing, design and distribution offices in key industry locations including Los Angeles, Melbourne, London, the Gold Coast, Hossegor and Lyon. In addition it has manufacturing facilities in China. Globe sells its wholesale products direct to retailers in over 25 countries and sells its brands via third party distributors around the world. In total, Globe International products can be found in just under 100 countries worldwide. Globe also maintains a limited number of flagship branded retail stores in key influential markets around the world.



OFFICES

PORT MELBOURNE, VIC, AUSTRALIA
 LOS ANGELES, CA, USA
 GOLD COAST, QLD, AUSTRALIA
 LONDON, UK
 HOSSEGOR, FRANCE
 LYON, FRANCE
 SHENZHEN, CHINA

DIRECT MARKET

USA, CANADA, AUSTRALIA, NEW ZEALAND,
 UNITED KINGDOM, FRANCE, GERMANY, IRELAND,
 NETHERLANDS, BELGIUM, AUSTRIA, SPAIN,
 PORTUGAL, COSTA RICA, LUXEMBOURG, ANDORRE,
 DOMTOM, AUSTRIA, DENMARK, COLOMBIA, EGYPT,
 GUATEMELA, PERU, MEXICO, PHILLIPINES,
 POLAND, HONDURAS, CHILE.

DISTRIBUTION



CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

The 2012 financial year was another stable, but modest year of performance for the company with regard to the group financial performance. However, against a backdrop of challenging markets and global economies, we were pleased to maintain a solid base and continue to see progress in our branded investments and growth strategies for the future.

Group sales of \$82.3M were down 6% in reported terms due to an appreciating Australian dollar during the year. In constant currency terms, group sales were largely flat when compared to the prior financial year. EBITDA profit of \$1.7 million was down when compared to the prior year, due to reduced margins, some delayed shipments at year end and investments in branded growth initiatives.

Despite economic uncertainty, regionally the stand out performer for the year was the Globe European division which grew sales in the three major Globe product categories of footwear, apparel and skateboard hardgoods. The Australian division similarly performed well with modest growth due to expanded product lines and broadening distribution channels for various brands in a tough economy and difficult retail sector. The North American division fell short of the prior year in sales and profits after a challenging year with certain major customers, core hardgoods and end of year delays in shipments.

We made good progress on the majority of our longer term identified growth initiatives, even though the financial year delivered only modest profits. Through ongoing investments in product, distribution and brand diversification we were able to generate growth in certain categories to off-set the stagnation in other areas of the business. In particular, Globe lifestyle skateboards and Globe apparel performed well during the year, as did Enjo! apparel and the recently launched 4Front clothing division in Australia.

Additionally, our strategic agenda of diversifying our business was progressed in the past financial year. Over the past few years we have launched new brands, and expanded product categories and targeted different distribution channels. We see this as critical in the current challenging markets. We are a multi branded company with brands selling to different market sectors and operating in multiple regions, across multiple channels of distribution. In such volatile economic times, this has proven to be a critical factor in our successful navigation of our market. While some areas of our business have suffered in the current environment others have grown and mitigated that downside. This diverse make-up, as a branded business, has enabled us to continue to improve the qualitative and creative aspects of Globe and make us a better and stronger company for the future.

While of course we would like to see more topline growth and higher level of profits for the year, we were pleased that we remained stable, cash positive and on track with our strategic branded investments. In the year we maintained our debt free position, generated positive cash from operations, continued to hold significant cash reserves and declared a dividend for the full year. All this was achieved while remaining committed to investing in our future and in further branded growth for the business for the coming year and the years beyond.

As always none of this would be possible without the commitment, support and performance of our staff and Board. The creative output of the business is better than it has been for many years, and this is driven by our high quality and talented branded product creators, marketers and sales people. Alongside them our operational, financial and administrative staff provides the infrastructure needed to execute the functions of the business and our Board helps guide us all with sensible, strategic overview. I would personally like to thank everyone involved, and I look forward to the year ahead, working with them all.



Matt Hill
Chief Executive Officer





The Company and the Board are committed to demonstrating and achieving the highest standards of corporate governance. This statement outlines the main corporate governance policies and practices of the Company. Unless otherwise stated, the Board considers that its corporate governance policies and practices comply with the specific recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Second Edition released in August 2007 and amended in 2010) ("Principles"), which applied during the reporting period.

A description of the Company's main corporate governance policies is set out below. A copy of this Corporate Governance Statement is available on the Globe corporate website www.globecorporate.com.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Board functions

The composition of the Board is determined in accordance with the Company's Constitution and Board Charter.

The Board operates in accordance with the principles set out in its charter, which establishes the functions reserved for the Board. The Board Charter is published on the Globe corporate website www.globecorporate.com.

A summary of the Board's responsibilities include:

- Providing oversight and strategic direction for the Company.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors.
- Appointing and assessing the performance of the Board.
- Selecting, appointing and reviewing the performance of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and senior management.
- Considering, approving and monitoring riskmanagement strategies and policies.

- Ensuring the Company meets its social and ethical responsibilities.
- Performing the functions otherwise performed by an Audit and Risk Committee, Nomination Committee and Remuneration Committee.

The Board has formally delegated authority and responsibility to management for the day to day operations of the Company, subject to certain authority limits and reporting requirements.

1.2 Senior Executive Functions

Other than those responsibilities specifically reserved for the Board, responsibility for the management of the Company's business activities is delegated to the CEO, who is accountable to the Board. Sub-delegation occurs as follows:

- Senior executives are required to conduct the day-to-day operations of the Company as specified in their Contract of Employment and related job description.
- Operations are to be conducted within the framework of approved programs and budgets.
- Senior executives are authorized to conduct activities to the extent of their delegated authority.
- No executive is allowed to approve their personally incurred expenditure.

1.3 Process for evaluating Senior Executive performance

Senior Executive performance is annually reviewed against a mix of both qualitative and quantitative measures. This includes a comparison of actual achievements during the year against specific performance measures established for each year. These measures are set individually for each Senior Executive depending on the accountabilities of their roles. Quantitative measures are based on the both total group and the Senior Executive's relevant business unit performance levels. During the year such a review occurred in accordance with the process disclosed above.

2. STRUCTURE THE BOARD TO ADD VALUE

2.1 Composition

The Board currently comprises three directors, one of whom is a non-executive director (Paul Isherwood) and two are executive directors (Peter Hill and Stephen Hill). Details of the qualifications and experience of the directors and each director's term in office are set out in the Directors' Report.

Recommendation 2.1 of the Principles states that a majority of the Board should be comprised of independent directors. The Company's Board composition throughout the year did not meet this recommendation as only Paul Isherwood is considered by the Board to be independent, as he alone satisfies the Board's criteria for director independence outlined below. The Company believes that the composition of the Board is adequate for the Company's current size and operations, as it includes an appropriate mix of skills and expertise relevant to the Company's business.

The Board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- Not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years, not have been employed in an executive capacity by the Company or any other group member, or been a director after ceasing to hold any such employment;
- Within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other group member, or been an employee materially associated with the service provided;
- Not be a material supplier or customer of the Company or any other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Have no material contractual relationship with the Company or a controlled entity other than as a director of the group; and
- Be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both qualitative and quantitative bases. An amount of over 5% of annual turnover of the Company or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may affect the shareholders' understanding of the director's independence.

Consistent with these principles, Peter Hill and Stephen Hill are not regarded as independent directors, as they are both executives, and are substantial shareholders of the Company. However, the Board believes those directors bring a wealth of relevant industry experience to the Company, particularly as they were also founders of the Company. Furthermore, as substantial shareholders they have a strong incentive to ensure their judgment is not clouded in Board deliberations, as the outcome (indirectly) impacts on them as much as, or more than, most other shareholders.

The two non-independent directors generally do not undertake activities personally that would be in conflict with, or substantially the same as, those of the Company. The Board distinguishes between the concept of independence and the issues of conflict of interest or material personal interests that may arise from time to time. Whenever there is an actual or potential conflict of interest or material personal interest, the Board's policies and procedures ensure that:

- The interest is fully disclosed and the disclosure is recorded in the Board minutes;
- The relevant director is excluded from all consideration of the matter by the Board; and
- If considered warranted, the Board may obtain independent professional advice regarding such matters at the Company's expense.

The Company does not have a formal policy in relation to the selection, nomination and appointment and reappointment of directors due to the size and operations of the Company and the small size of the Board. As and when the need arises for the appointment of a director, the Board takes into account various criteria such as the relevant skills, qualifications and experience of the incumbent directors and the needs of the Board. Nomination for reappointment is not automatic. Prior to making a decision to nominate a director for re-appointment, the skills, qualifications, experience and contribution of incumbent directors are assessed in light of the needs of the Company.

2.2 Chairman

The Chairman of the Board, Paul Isherwood, is an independent director. The composition of the Board is considered adequate for the Company's current size and operations, as it includes an appropriate mix of skills and expertise relevant to the Company's business.

2.3 Roles of the Chairman and CEO

The role of CEO is held by Matt Hill. The roles of the Chairman and the CEO are not exercised by the same individual.

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their roles and responsibilities and facilitating Board discussions and managing the Board's relationship with the Company's senior management.

The CEO is responsible for managing the group, including implementing group strategies and policies approved by the Board.

2.4 Nomination Committee

The Company does not have a Nomination Committee. The Board considers that the size and level of operations of the Company and the small size of the Board is not sufficient to warrant such a separate Committee.

In the absence of a Nomination Committee, the full Board conducts the functions and consider the issues that would otherwise be considered by a Nomination Committee, such as the appointment and re-election of directors and Board succession matters.

2.5 Process for evaluating the performance of the Board and individual directors

There is no independent review of the conduct and performance of each director. As the Board does not have any Committees, there are also no annual reviews of Committee performance.

The Board undertakes an annual assessment of its collective performance and the performance of the Chairman. The results and action plans, if any, are included in the Board minutes. The last Board self assessment was conducted in October 2011 in accordance with the process discussed above.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Code of conduct

The Company has adopted a code of conduct to guide the Company as to:

- Practices necessary to maintain confidence in the Company's integrity;
- Practices necessary to take into account the legal obligations of the Company and the expectations of stakeholders; and
- Responsibility and accountability of individuals for reporting and investigating reports of unethical conduct.

The Code of Conduct requires everyone who works for the Company and acts on its behalf to observe the highest standard of conduct and ethical behavior. The Code of Conduct is reviewed annually and updated as required. A copy of the corporate code of conduct can be viewed on the Globe corporate website www.globecorporate.com.

The Company has in place a formal policy that reinforces to all directors, senior executives and employees of Globe, the prohibition against insider trading and imposes limitations upon dealings in Globe securities. The policy is reviewed regularly to ensure compliance with regulations and updated as required. A copy of the policy can be found on the Globe corporate website at www.globecorporate.com.

3.2 Diversity policy

The Company recognises the benefits of a diverse work force. The Company has reflected its approach to diversity in its various employment policies, which support diversity across the organisation. In particular these policies do not discriminate the selection, promotion and training of employees on the bases of gender and ethnicity among others.

The Company has not adopted a separate diversity policy with specific measurable objectives for achieving gender diversity. Due to the current size of the Company's board and senior management team, and the size and geographical spread of the Company's employees and operations, the board does not consider it practical to adopt a specific diversity policy.

CORPORATE GOVERNANCE

3.3 Measurable objectives for achieving gender diversity

As the Company has not adopted a diversity policy, the Company has not set measurable objectives for achieving gender diversity.

3.4 Gender diversity statistics

The proportion of female employees in the Globe group as at 30 June 2012 is 33%. The proportion of female employees in senior executive (KMP) positions is 17%. The Company's Board currently has no female directors.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit Committee

The Company currently has no Audit Committee. In the absence of an Audit Committee, all members of the Board participate in the oversight of corporate reporting. All Board members are considered financially literate and where necessary are provided with appropriate technical financial and industry advice.

As part of the half yearly and annual accounts preparation the CFO reviews with the directors, all issues of relevance in preparing the accounts including the impact of changes in accounting standards and carrying value of assets.

On an annual basis, directors review management responses to a questionnaire designed to ensure they are informed of all aspects of the financial statements.

Consistent with Recommendation 7 of the Principles, the Company's financial report preparation and approval process for the financial year ended 30 June 2012 involved both the CEO and CFO providing sign-offs. They have certified to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and group and are in accordance with relevant accounting standards as required by the Corporations Act; and
- The above statement is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

4.1.1 External auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. PricewaterhouseCoopers were appointed as the external auditors in 2003.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in Note 28 to the 2012 financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

The external auditors attend the annual general meeting and are available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Board reviews the performance of the external auditors on an annual basis and the Chairman meets separately with the auditors to discuss any matters raised by them in relation to the management of the Company.

The Company's current audit engagement partner was appointed in 2008. Consistent with the Corporations Act 2001, the Company requires the rotation of the audit engagement partner every five years or less.

5. MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous disclosure policy

The Company has adopted a comprehensive policy covering continuous disclosure that prescribes practices to ensure compliance with ASX Listing Rules, and particularly continuous disclosure, prevention of selective disclosure and the conduct of external briefings. The policy requires accountability at a senior level for such compliance. The policy is reviewed annually and updated as required. A copy of the continuous disclosure policy is on the Globe corporate website www.globecorporate.com.

The CEO, CFO and the Company Secretary are responsible for communications with the ASX. They must ensure compliance with the continuous disclosure requirements in accordance with the ASX Listing Rules. They must also coordinate information disclosures to analysts, shareholders, the media and the public.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Communications policy with shareholders

The Company places considerable importance on effective communications with its shareholders. As the Company's policy relating to communications with shareholders is already covered under its continuous disclosure policy, the Company does not have a separate formal written policy relating to communications with its shareholders. The Company's communications strategy promotes the communication of information to shareholders through the distribution of the annual and half yearly reports, announcements through the ASX and the media regarding changes in its businesses and the Chairman's and CEO's addresses at the annual general meeting.

6.1.1 Electronic Communication

The Company continually reviews opportunities to utilize electronic communication technology to communicate with its shareholders. Shareholders are regularly encouraged to move to paperless communication particularly in relation to the distribution of the annual report and notices of general meeting.

6.1.2 Meetings

The Company holds one annual general meeting of shareholders each year, to apprise shareholders of its operations, financial results and future plans. Shareholders are provided with the opportunity to ask questions of the directors and senior management at the general meeting.

6.1.3 Briefings

The Company maintains summary records for internal use of the issues discussed at one-on-one briefings with investors and analysts, including a record of those present (names or numbers where appropriate) and the time and place of the meeting.

6.1.4 Website

The Company's corporate website is available for access at all times at www.globecorporate.com. The website includes the Corporate Governance Statement and all relevant Company policies and procedures.

7. RECOGNISE AND MANAGE RISK

7.1 Policy for the oversight and management of material business risks

Consistent with Recommendation 7 of the Principles, the Company is committed to the identification, oversight, monitoring and management of material business risks associated with its business activities and has established various policies to embed in its management and reporting systems a number of risk management controls. These include:

- Annual budgeting and monthly and daily reporting systems that enable the monitoring of progress against performance targets and the evaluation of trends;
- A comprehensive annual insurance program;
- A sound system of internal control;
- Policies and procedures for the management of financial risk and treasury operations including exposures to foreign currency movements (see Note 2 of the 2012 Financial Statements);
- Policies and procedures for the management of other business risks such as sourcing risks, information risks and social and ethical risks; and
- Directors' financial due diligence questionnaires to management.

This summary of the company's risk management policies is also available on the Globe corporate website : www.globecorporate.com. Management is ultimately responsible to the Board for the group's system of internal control and risk management.

7. RECOGNISE AND MANAGE RISK (CONT'D)

7.2 Management and reporting of material business risks

7.2.1 Risk Management and Internal Control System

The Company has in place a risk management and internal control system. As required by the Board, management has reported to the Board that the Company's material business risks have been managed effectively.

In relation to its responsibilities, the Board's consideration of the Company's risk management and internal controls includes the following:

- Reviewing risk management and internal control systems required by the Board to be designed and implemented by management to manage the Company's material business risks and making recommendations for enhancements if necessary;
- Monitoring compliance with the Corporations Act 2001, ASX, ASIC and ATO requirements;
- Improving the quality of management and accounting information; and
- Overseeing the follow up and rectification by management of deficiencies or breakdown in risk management or internal controls, where necessary.

7.2.2 Internal Audit Function

The Company does not have an internal audit function. The Board believes that the Company's risk management and internal control system is adequate for the Company's current size and operations.

7.2.3 Risk Management Committee

The Company does not have a Risk Management Committee. The functions that would otherwise be performed by a Risk Management Committee are conducted by the Board as a whole.

8. REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration Committee

The Company does not have a Remuneration Committee. Due to the Company's current size and operations the Board believes that this function can be performed by the Board as a whole. Accordingly, the Board performs this function by following the remuneration policies and practices outlined in the Company's Remuneration Report contained in the Directors' Report (pages 37 to 42).

This Remuneration Report contains full details of the Company's remuneration policies and practices, including the structure and actual remuneration paid to non-executive directors and key management personnel and other information required by the Principles.

The Company does not have a policy in relation to employees limiting their exposure to unvested entitlements under the Company's equity based remuneration schemes. As the vesting conditions of these entitlements are not subject to market based conditions, it is not necessary for the Company to formulate a policy in this regard.

8.2 Clearly distinguish Non-Executive Directors Remuneration from Executive Directors and Senior Executives

As required by the Principles, non-executive directors' remuneration is clearly disclosed separately from that of executive directors and senior executives. Further information is provided in the Remuneration Report contained in the Directors' Report (pages 37 to 42).

The Company does not provide its directors with any retirement schemes other than contributions to statutory superannuation.





Your directors present their report on Globe International Limited ("the Company") and its controlled entities (collectively "Globe" or the "consolidated entity") for the year ended 30 June 2012.

DIRECTORS

The name and position of each director of the Company in office during the financial year and up to the date of this report:

Paul Isherwood, AO

FCA, Independent Non-Executive Chairman

800,000 shares

Paul Isherwood was appointed to the Board of Directors in March 2001 and elected Chairman in March 2003. He is a former Partner and National Executive Chairman of Partners of Coopers & Lybrand, Chartered Accountants. He was also a director of St. George Bank Limited between October 1997 and December 2008. Paul is currently Deputy Chairman of the Australand Property Group.



Stephen Hill

Executive Director

12,312,259 shares

Stephen Hill co-founded Globe in 1984, remains a shareholder in the business, and has expertise in the development of growth initiatives, brand development and market positioning strategies for the Company. Stephen is a former skateboarding champion and remains an active skateboarder, snowboarder and surfer.



Peter Hill

Executive Director

12,312,259 shares

Peter Hill co-founded Globe in 1984 and maintains a significant shareholding in the business. He is a major contributor to the strategic market direction and brand development of the business. Peter is a former skateboarding champion and maintains an extensive interest in extreme action sports and motorsports.



COMPANY SECRETARY

Gerhard M Correa

B Com, Grad Dip Bus, CPA

Gerhard Correa was appointed as the Company Secretary in November 2004. Gerhard joined the Company in November 2000 as Financial Controller. Prior to joining the Company, Gerhard held senior accounting positions with Motorola Australia Pty Ltd (1992 to 1996) and Sportsgirl Sportscraft Group Pty Ltd (1996 to 2000).

DIRECTORS' REPORT

GLOBE INTERNATIONAL LIMITED

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were the design, development, marketing and distribution of youth fashion apparel, footwear and skateboard hardgoods for the board sports and youth markets under predominantly proprietary brands.

CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no reportable matters that have occurred subsequent to the end of the financial year.

DIVIDENDS

Dividends relating to the financial year ended 30 June 2011

In respect of the financial year ended 30 June 2011, as detailed in the Directors' Report for that financial year, a fully franked final dividend of 5 cents per share was paid to the holders of fully paid ordinary shares on 30 September 2011.

On 1 September 2011, the directors announced that there may be some uncertainty as to whether this dividend was frankable, due to the Commissioner's view as expressed in the Australian Tax Office's ("ATO") Draft Fact Sheet, issued in June 2011. Subsequently, on 23 Feb 2012, the directors announced that they believed there was no longer any uncertainty based on the Commissioner's Draft Tax Ruling (TR 2011/D8), released in December 2011. This Tax Ruling is now final (TR2012/5) and therefore the directors are confident that the 2011 final dividend was appropriately franked.

Dividends relating to the financial year ended 30 June 2012

In respect of the financial year ended 30 June 2012, since the end of the financial year the directors have determined that a fully franked final dividend of 2.5 cents per share will be payable on 18 October 2012.

REVIEW OF OPERATIONS

Financial Performance

The consolidated entity reported a net profit after tax (NPAT) of \$0.1 million for the financial year ended 30 June 2012, compared with the net profit of \$1.1 million reported in the previous financial year.

Total revenues for the year were \$83.1 million, 6.1% below the \$88.5 million reported in the prior year. This decline in reported revenues was mainly due to the strengthening in the Australian Dollar over the 12 months to 30 June 2012. In constant currency terms, net sales for the group were approximately flat on the previous year, despite the continued challenges in global economies and retail sectors. Both the Australian and the European divisions achieved growth in the year, while sales in North America were below the prior year, in single digit percentage terms, after a period of solid growth in the 2011 financial year.

The consolidated entity generated \$1.7 million of earnings before interest, tax, depreciation and amortisation (EBITDA) which, as previously reported, includes net \$1.0 million in other income relating to proceeds from the settlement of a legal case, compared to an EBITDA profit of \$2.9 million in the previous financial year. Reduced gross margins, which are largely responsible for this decline in profitability, resulted from a combination of sales mix, competitive market pressures and an increase in cost of goods. The last quarter of the year was also impacted by delayed footwear shipments which had been expected to arrive before the end of the financial year.

Financial Position

On 30 June 2012, the Group had available cash reserves of \$10.2 million (June 2011: \$12.3 million), and available financing facilities of \$3.0 million (June 2011: \$2.7 million). With positive cash generated from operations in the financial year, the utilisation of cash during the year was principally a result of the \$2.1m dividend paid on 30 September 2011.

FUTURE DEVELOPMENTS AND RESULTS

No further commentary on future developments and expected results is included in this report as the directors are of the opinion that such commentary would likely result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATIONS

The consolidated entity is not subject to particular or significant environmental regulation in respect of its activities.

MEETINGS OF DIRECTORS

Details of attendances by directors at Board meetings during the financial year were as follows:

	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Paul Isherwood	5	5
Peter Hill	5	5
Stephen Hill	5	5

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

A. Principles used to determine the nature and amount of remuneration

Over-riding principles of remuneration

The objective of the Company's executive remuneration framework is to attract and retain directors and executives capable of managing the consolidated entity's diverse operations in Australasia, North America and Europe. As the Company does not have a Remuneration Committee, executive remuneration is reviewed on an annual basis by the Board, having regard to personal performance, Company performance and relevant comparative external information.

Remuneration for directors comprises a fixed component only. Remuneration for other senior executives comprises both fixed compensation and an "at risk" component. The "at risk" component includes the potential for both short and long term incentives. The short term incentive is based on a combination of the Company's results and individual performance levels. Incentive targets are set at the beginning of each year and assessed on an annual basis by the CEO, and the Board in the case of the CEO. The long term incentive component is based solely on Company performance, as set out in the Executive Long Term Incentive Plan (LTIP).

REMUNERATION REPORT (AUDITED) (CONT'D)**A. Principles used to determine the nature and amount of remuneration (cont'd)**

This executive remuneration framework is aligned with shareholders interests in the following respects:

- it attracts and retains high calibre executives, as it:
 - remunerates capability and experience
 - is competitive
 - rewards executives for contributing to the achievement of Company and business unit targets
 - provides a clear structure for earning remuneration
- remuneration is linked to certain financial performance measures. Globe International Limited's net profit after tax (NPAT) and earnings before interest, tax, depreciation and amortisation (EBITDA) have been the central performance measures for the Company's executives in recent years. Other financial measures taken into consideration include revenue growth, net operating cash flows and other business objectives.

In recent years the total short term incentive payments have been significantly below total maximum payments, and all long term incentives have lapsed as the financial targets have not been met.

Based on these over-riding principles, the executive remuneration framework satisfies the following criteria for good remuneration governance practices:

- competitiveness and reasonableness
- compensation linked to performance
- transparency
- capital management

Directors

Remuneration and fees paid to directors reflect the demands which are made on, and the responsibilities of, the directors in their capacity as board members and/or executive directors, as the case may be. Directors' remuneration and fees are reviewed annually by the Board, both in total and by individual director. Directors do not participate in any incentive schemes.

Non-executive directors*Fees*

The current base remuneration was last reviewed with effect from 1 October 2008, which at that time resulted in a reduction in the fees paid to the non-executive director. There have been no changes to the fees since this point. As there are no sub-committees of the Board, this is an all inclusive annual fee.

Retirement allowances

There are no retirement allowances for the non-executive director. The director may, however, elect to have a portion of his remuneration paid into his personal superannuation plans.

Executive directors*Remuneration*

For 9 continuous years, the founding directors who are full time executive directors had elected not to receive any remuneration for their services. The financial year ended 30 June 2011 was the first year since 2001 in which the executive directors were remunerated in accordance with their positions in the Company.

The executive directors' remuneration is fixed, and consists of base pay and superannuation. The base pay is determined by the Chairman, and is considered to be reasonable in that it is below market remuneration for similar positions in the industry, and below the remuneration of other senior executives in the Company. There are no guaranteed base pay increases included in the executive directors' employment contracts and no entitlements to participate in the Company's short or long term incentive plans.

REMUNERATION REPORT (AUDITED) (CONT'D)**A. Principles used to determine the nature and amount of remuneration (cont'd)***Termination benefits*

Executive directors are not entitled to termination benefits other than the minimum requirements set under the National Employment Standards.

Retirement allowances

The only retirement allowances for the executive directors are superannuation payments to a nominated contribution scheme, which are made in accordance with statutory obligations in Australia.

Executives

The executive remuneration framework has three components that, combined, represent total remuneration:

- fixed compensation
- short-term incentives
- long-term incentives

Fixed compensation

The terms of employment for all executive management include a fixed compensation component, which is expressed in local currency. This fixed component is set in accordance with the market rate for a comparable role by reference to appropriate external information and having regard to the individual's responsibility, qualifications, experience and location. Executive compensation is also reviewed on promotion and at the expiration of service agreements.

Fixed compensation includes contributions to superannuation in accordance with relevant legislation, where applicable. Fixed compensation is structured as a total employment cost package which may be delivered as a mix of cash and non-financial benefits at the executive's discretion. There are no guaranteed fixed remuneration increases included in any senior executive's contracts.

Short term incentives ("STI")

The STI is a cash-based plan that involves linking specific targets, both quantitative and qualitative, with the opportunity to earn incentives based on a percentage of fixed compensation. Executives have an opportunity to earn anywhere up to 75% of their base pay as an STI, with the exception of the CEO who can earn up to 100% of base pay as an STI. Both quantitative and qualitative targets are set by the Board and the CEO at the start of each financial year. The targeted quantitative performance levels include a mix of both individual performance levels and total Company performance levels. This ensures that the incentive is directly linked to areas of individual control, while at the same time ensuring that such incentives are ultimately linked to the creation of shareholder wealth through improved Company performance. Qualitative targets make up a smaller portion of the total potential incentive payment. Such targets are more subjective and therefore payment is largely subject to the discretion of the Board.

Short term incentives are awarded either in the year of measurement, or the year following. Payment in the following year allows the Board to give due consideration to the full year performance of each executive, as well as audited performance of the Company, prior to determining the amount to be paid. As a result, certain payments to executives which relate to the 2011 financial year, have been recognised in the 30 June 2012 financial year. These payments are based on a mix of specific targets and discretionary incentive payments. All of these payments were substantially less than the maximum possible incentive payment.

Long term incentive plan ("LTIP")

The objective of the LTIP is to remunerate senior executives in a manner which aligns their remuneration with the creation of shareholder wealth. LTIP grants are delivered in the form of performance rights, and are only made to senior executives. These performance rights are linked to pre-determined earnings per share (EPS) targets and growth. The Board believes this to be the most relevant performance measure as it aligns closely to the creation of wealth for shareholders.

During the previous financial year, all of the remaining performance rights under the LTIP lapsed. As the EPS hurdles were not achieved in each financial year, none of the performance rights issued under this plan vested. As at the date of this report, the Board has not yet issued any further performance rights under this plan.

DIRECTORS' REPORT

GLOBE INTERNATIONAL LIMITED

REMUNERATION REPORT (AUDITED) (CONT'D)

B. Details of Remuneration

Details of the nature and amount of each element of remuneration for each director and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of the consolidated entity are set out in the following tables. The key management personnel (KMP) of the consolidated entity are the directors of the Company, the Chief Executive Officer (CEO) Matthew Hill, and those executives that report directly to the CEO, including:

- Gary Valentine - Chief Operating Officer
- Jessica Moelands - Chief Financial Officer
- Matthew Wong - President Global Product
- Jon Moses - President Australasia
- Gerhard Correa - Company Secretary

In addition, these tables include the details of the five executives of the the consolidated entity who received the highest remuneration during the financial year.

DIRECTORS OF GLOBE INTERNATIONAL LIMITED

NAME	2012			2011		
	CASH SALARY \$	SUPERANNUATION \$	TOTAL \$	CASH SALARY \$	SUPERANNUATION \$	TOTAL \$
Non-executive directors						
Paul Isherwood	115,000	-	115,000	115,000	-	115,000
Sub-total	115,000	-	115,000	115,000	-	115,000
Executive Directors						
Peter Hill	190,000	15,775	205,775	190,000	15,199	205,199
Stephen Hill	190,000	15,775	205,775	190,000	15,199	205,199
Sub-total	380,000	31,550	411,550	380,000	30,398	410,398
Total Directors Remuneration	495,000	31,550	526,550	495,000	30,398	525,398

REMUNERATION REPORT (AUDITED) (CONT'D)
B. Details of Remuneration (cont'd)
KEY MANAGEMENT PERSONNEL (KMP)

2012	SHORT TERM BENEFITS				
NAME	CASH SALARY \$	OTHER BENEFITS \$	CASH BONUS \$	SUPERANNUATION \$	TOTAL \$
Key Management Personnel					
Matthew Hill ⁽¹⁾	631,068	90,652	–	–	721,720
Gary Valentine ⁽¹⁾	281,554	52,213	48,544 ⁽²⁾	–	382,311
Jessica Moelands	280,000	–	50,000 ⁽²⁾	15,775	345,775
Jon Moses	200,000	–	25,000 ⁽²⁾	15,775	240,775
Matthew Wong	200,000	–	–	15,775	215,775
Gerhard Correa	135,000	–	–	12,150	147,150

(1) US based executive

(2) Bonuses paid are in relation to the year ended 30 June 2011

KEY MANAGEMENT PERSONNEL (KMP)

2011	SHORT TERM BENEFITS				
NAME	CASH SALARY \$	OTHER \$	CASH BONUS \$	SUPERANNUATION \$	TOTAL \$
Key Management Personnel					
Matthew Hill ⁽¹⁾	677,083	37,023	156,250 ⁽²⁾	–	870,356
Jessica Moelands	200,000	–	60,000 ⁽²⁾	15,199	275,199
Matthew Wong	200,000	–	50,000 ⁽²⁾	15,199	265,199
Gary Valentine ⁽¹⁾	243,490	6,060	– ⁽³⁾	–	249,550
Jon Moses	200,000	–	–	15,199	215,199
Gerhard Correa	130,000	–	5,000	12,150	147,150

(1) US based executive

(2) Bonus paid is in relation to the year ended 30 June 2010

(3) Bonus earned for the year ended 30 June 2010 was accrued and disclosed as remuneration in the 2010 financial year.

REMUNERATION REPORT (AUDITED) (CONT'D)***C. Service agreements***

Remuneration and other terms of employment of the Chief Executive Officer (CEO) are formalised in a service agreement. The major provisions of the agreement relating to remuneration are set out below:

- 5 year term, commencing from 1 July 2010
- fixed remuneration to be reviewed annually by the Board of Directors
- twelve months notice of termination by either party until the end of the contract
- termination payment is capped at the maximum limit allowed under the Corporations Act 2001
- cash bonus up to a maximum of 100% of base remuneration based on, but not limited to, the achievement of certain profitability criteria, completion of certain strategic objectives and satisfactory conduct of all duties as Chief Executive Officer
- participation in the Executive LTIP

All other key management personnel are subject to employment contracts, where duration is unlimited and standard notice periods of six to twelve weeks apply. In addition, key management personnel are eligible to participate in both short and long term incentive plans.

D. Share based compensation**Executive Long Term Incentive Plan (LTIP)**

A scheme under which senior executives are awarded Performance Rights was approved by shareholders at the 2003 Annual General Meeting. The terms of the LTIP are as follows:

- There is nil consideration payable by the participant to the Company for Performance Rights awarded under the LTIP.
- The holder of the Performance Rights is not entitled to voting or dividend rights until the Performance Rights vest and the shares are issued.
- The Performance Rights, subject to performance criteria, vest in equal annual instalments on each anniversary of the Award date. If the Performance Criteria for any year are not satisfied, those Performance Rights relating to that year will lapse and will not be carried forward.

There have been a series of Rights awarded under this plan since 23 January 2007, none of which have vested, and all of which have been cancelled, replaced or have lapsed as the performance criteria were not met. There are currently no Performance Rights on issue.

E. Additional information

During the 2012 financial year, the market capitalisation of Company has been between \$10 million and \$20 million. Over the past five financial years as a whole, there has been no increase in shareholder wealth.

As a contribution to shareholder wealth, the Company has returned \$12.8 million to shareholders during this period, by way of:

- o \$8.6 million return of capital paid during 2008;
- o \$2.1 million fully franked final dividend paid in October 2010 (5 cents per share);
- o \$2.1 million fully franked final dividend paid in September 2011 (5 cents per share)

INSURANCE OF OFFICERS

During the financial year, Globe International Limited paid premiums to insure the directors, secretary and senior management of the Company and its subsidiaries. The amount of such premiums is confidential as per the terms of the insurance contract.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and its controlled entities, but not in respect of obligations owed to the Company, or if they are found liable in such civil penalty or criminal proceedings.

NON-AUDIT SERVICES

Certain non-audit services were provided by the consolidated entity's auditor, PricewaterhouseCoopers. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. PricewaterhouseCoopers and its related parties received, or are due to receive, \$44,166 (2011: \$24,819) from the consolidated entity for non-audit services rendered during the financial year, predominantly in relation to taxation compliance and advice, including assistance with correspondence with tax authorities in relation to tax audits that were underway through the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 44.

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.

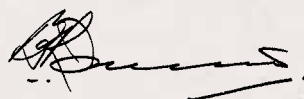
AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

Melbourne

Dated this 21st August 2012



Paul Isherwood
Chairman



Auditor's Independence Declaration

As lead auditor for the audit of Globe International Limited for the year ended 30 June 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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
21 August 2012

PricewaterhouseCoopers, ABN 52 780 433 757
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Liability limited by a scheme approved under Professional Standards Legislation.



INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

INCOME STATEMENT	NOTES	2012 \$'000	2011 \$'000
Revenue from continuing operations	4	83,061	88,497
Other income		1,412	243
Changes in inventories of finished goods and work in progress		1,959	1,439
Inventories purchased		(46,934)	(49,307)
Employee benefits expense		(13,968)	(14,136)
Depreciation and amortisation expense	5	(1,089)	(1,163)
Impairment of intangible assets	5	-	(199)
Finance costs	5	(2)	(14)
Selling and administrative expenses		(23,737)	(23,584)
Profit / (loss) before related income tax expense		702	1,776
Income tax (expense) / benefit	8(a)	(640)	(687)
Profit / (loss) attributable to members of Globe International Ltd	24	62	1,089
Earnings per share attributable to members of the Company (EPS):			
Basic EPS (cents per share)	35	0.15	2.63
Diluted EPS (cents per share)	35	0.15	2.63

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

STATEMENT OF COMPREHENSIVE INCOME	2012 \$'000	2011 \$'000
Profit / (loss) for the year	62	1,089
Other comprehensive income / (expense)		
Changes in fair value of cash flow hedges	156	(269)
Exchange differences on translation of foreign operations	286	(3,727)
Income tax relating to components of other comprehensive income	(330)	779
Other comprehensive income / (expense) for the year, net of tax	112	(3,217)
Total comprehensive income / (expense) for the year	174	(2,128)

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

BALANCE SHEET
AS AT 30 JUNE 2012
GLOBE INTERNATIONAL LIMITED

	NOTES	2012 \$'000	2011 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	10,157	12,320
Trade and other receivables	10	12,473	12,208
Inventories	11	14,452	12,587
Prepayments		808	676
Current tax assets	16	276	440
Total current assets		38,166	38,231
Non current assets			
Property, plant and equipment	13	1,667	1,832
Other financial assets	14	1,348	1,280
Intangible assets	15	18,477	18,848
Deferred tax assets	16	3,055	3,314
Total non current assets		24,547	25,274
Total assets		62,713	63,505
LIABILITIES			
Current liabilities			
Trade and other payables	17	12,357	11,455
Derivative financial instruments	12	4	160
Provisions	19	894	959
Total current liabilities		13,255	12,574
Non-current liabilities			
Deferred tax liabilities	18	3,866	3,444
Provisions	19	474	414
Other	20	120	176
Total non-current liabilities		4,460	4,034
Total liabilities		17,715	16,608
NET ASSETS		44,998	46,897
Equity			
Contributed equity	21	144,223	144,223
Treasury Shares	22	(487)	(487)
Reserves	23	(9,926)	(10,038)
Retained profits/(losses)	24	(88,812)	(86,801)
TOTAL EQUITY		44,998	46,897

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

	CONTRIBUTED EQUITY	TREASURY SHARES	SHARE BASED PAYMENT RESERVE	CASH-FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED PROFITS / (LOSSES)	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	144,223	(487)	323	77	(7,221)	(85,817)	51,098
Profit for the year	-	-	-	-	-	1,089	1,089
Other comprehensive income	-	-	-	(188)	(3,029)	-	(3,217)
Total comprehensive income / (expense) for the year	-	-	-	(188)	(3,029)	1,089	(2,128)
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(2,073)	(2,073)
Balance at 30 June 2011	144,223	(487)	323	(111)	(10,250)	(86,801)	46,897

Balance at 1 July 2011	144,223	(487)	323	(111)	(10,250)	(86,801)	46,897
Profit for the year	-	-	-	-	-	62	62
Other comprehensive income	-	-	-	107	5	-	112
Total comprehensive income / (expense) for the year	-	-	-	107	5	62	174
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(2,073)	(2,073)
Balance at 30 June 2012	144,223	(487)	323	(4)	(10,245)	(88,812)	44,998

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012
GLOBE INTERNATIONAL LIMITED

	NOTES	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		86,276	90,165
Payments to suppliers and employees (inclusive of goods and services tax)		(86,252)	(89,162)
Interest received	4	76	222
Interest and other costs of finance paid	5	(2)	(14)
Income taxes received / (paid)		184	(72)
Net cash provided by/ (used in) operating activities	7	282	1,139
Cash flows from investing activities			
Payments for property, plant and equipment	13	(516)	(388)
Net cash provided by / (used in) investing activities		(516)	(388)
Cash flows from financing activities			
Cash removed from / (placed on) restricted deposit with banks as security	10	-	139
Payment of dividend		(2,073)	(2,073)
Net cash provided by/ (used in) financing activities		(2,073)	(1,934)
Net increase/ (decrease) in cash and cash equivalents		(2,307)	(1,183)
Cash and cash equivalents at beginning of the financial year		12,320	14,860
Effect of exchange rates on cash holdings in foreign currencies		144	(1,357)
Cash and cash equivalents at the end of the financial year	9	10,157	12,320

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity, consisting of Globe International Limited and its subsidiaries.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Globe International Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of Globe International Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Adoption of standards

The consolidated entity has applied all new standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2011, but has not elected to early adopt any relevant accounting standards and amendments that have been published but that are not mandatory for 30 June 2012 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations is set out in Note 1(ag).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, modified as required by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed further in Note 1(ag), along with details of any changes to such estimates during the current financial year.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Globe International Limited as at 30 June 2012 and the results of all subsidiaries for the year then ended. Globe International Limited and all its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity after 1 January 2009 (refer Note 1(1)). Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Principles of consolidation (cont'd)

(ii) Employee Share Trust

The consolidated entity has formed a trust to administer the consolidated entity's Executive Long Term Incentive Plan. The trust is consolidated as the substance of the relationship is such that the trust is controlled by the consolidated entity. Shares held by the trust are disclosed as Treasury Shares and deducted from equity.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by:

- changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements;
- the utilisation or derecognition of tax assets associated with net operating losses, temporary differences and foreign tax credits;
- prior year adjustments between the tax provided and the tax return ultimately lodged; and
- provisions for estimated tax liabilities in relation to on-going tax audits or disputes with tax authorities.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Globe International Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currency translation (cont'd)

(iii) Group companies

The assets and liabilities of overseas controlled entities are translated into Australian currency at rates of exchange current at balance date, while its revenues and expenses are translated at average exchange rates during the year. Exchange differences arising on translation are taken directly to foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, goods and services tax (GST) and other taxes paid. Revenue from a sale to a wholesale customer is recorded when goods have been despatched to a customer pursuant to a sales order and the associated risks have passed to the customer. Revenue from retail sales is recognised when a retail store sells a product to the customer. Royalties are recognised in the period in which underlying sales are made by the licensee. Interest revenue is recognised on a proportional basis using the effective interest rate method.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO").

(g) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred and include interest on bank overdrafts, receivables financing facilities and any other short or long term borrowings.

(h) Leases

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The consolidated entity does not have any finance leases, which are those leases where the consolidated entity has substantially all the risks and rewards of ownership.

(i) Web site costs

Costs in relation to the development and maintenance of branded web sites are charged as expenses in the period in which they are incurred.

(j) Major event costs

Costs associated with major promotional events are expensed at the first date that each distinct part of the promotional campaign occurs.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation, and other financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined based on either fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are consolidated at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Business combinations

Business combinations that occurred before 1 January 2009

The purchase method of accounting was used for all business combinations regardless of whether equity instruments or other assets were acquired. Cost was measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments were issued in an acquisition, the value of the instruments was their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments were recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination were measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired was recorded as goodwill. If the cost of acquisition was less than the fair value of the net assets of the subsidiary acquired, the difference was recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration was deferred, the amounts payable in the future were discounted to their present value as at the date of exchange. The discount rate used was the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Business combinations after 1 January 2009

There have been no business combinations since 1 January 2009, so the accounting principles of the Revised AASB 3 Business Combinations have not yet been applied. Full disclosure of the revised accounting policies will be provided as and when it is applicable for the consolidated entity.

(m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and investments in money market instruments within three months to maturity (if applicable). Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts, principally on 30 day terms. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

Other receivables consist of amounts receivable under a factoring arrangement and amounts due as a result of transactions outside the normal course of business. A provision for doubtful other receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the other receivable.

(o) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct material, direct labour and an appropriate proportion of variable expenditure. Costs are assigned to inventory based on standard costs which closely approximate actual costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling costs.

(p) Investments and other financial assets

Classification

The consolidated entity classifies its financial assets in the following categories: all receivables are classified as "loans and receivables"; investments are classified as "available-for-sale assets"; and derivatives are classified as derivative financial instruments. The consolidated entity does not hold any "financial assets at fair value through profit and loss", as derivatives qualify for hedge accounting, nor does it hold any "held-to-maturity investments".

Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. These assets are subsequently measured at fair value unless the fair value can not be reliably measured, in which case they are carried at cost less impairment losses. Receivables are carried at amortised cost using the effective interest rate method.

Impairment

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of investments held for sale, a significant or prolonged decline in the future benefit to be recovered from the asset is considered as an indicator that the financial asset is impaired. Impairment losses on investments and receivables are recognised directly in the income statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation or amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. All subsequent costs, including repairs and maintenance, are expensed as incurred.

Depreciation on plant and equipment is calculated using the straight line method to allocate cost, net of the residual value, over estimated useful lives as follows:

<u>Class of Asset</u>	<u>Useful Life</u>	<u>Useful Life</u>
Leasehold Improvements and leased assets		Period of Lease
Motor Vehicles		7 years
Computer Equipment		3 years
Plant & Equipment		4-10 years
Office Equipment, Furniture and Fittings		4-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(k)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(r) Intangible assets

Trademarks that have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 1 to 15 years.

Trademarks that have an indefinite useful life are carried at cost less impairment losses. These assets are assumed to have nil tax cost bases, unless specific deductions are available. These assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired (Note 1(k)).

(s) Derivatives

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as risk management objectives and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in the cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 12. Movements in the hedging reserve in shareholders' equity are shown in Note 23. The credit risk and foreign exchange risk exposures associated with these instruments is discussed in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Derivatives (cont'd)

Cash Flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash-flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged relates to a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost of the asset.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments may not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(t) Trade and other payables

These amounts represent liabilities for goods and services to the consolidated entity prior to the end of the financial year which are unpaid. The amounts that are unpaid are generally payable within 30 days of recognition.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are recognised at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability. Where relevant, the increase in the provision due to the passage of time is recognised as interest expense.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(x) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised as provisions in respect of employee's services up to the reporting date and are measured at the nominal value of amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Superannuation

The consolidated entity makes contributions to various accumulating employee superannuation funds, or foreign equivalent funds, which are charged as expenses when incurred. The consolidated entity does not contribute to any defined benefit funds.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Short-term incentive plans

The consolidated entity recognises a liability and an expense for bonuses payable under various short term incentive plans. Short term incentive plans are based on the achievement of targeted performance levels set at the beginning of each financial year. Further information relating to these is included in the Remuneration Report which is set out on pages 37 to 42 of the Directors' Report. The consolidated entity recognises a liability to pay short term incentives when contractually obliged based on the achievement of the stated performance levels, or where there is a past practice that has created a constructive obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Employee benefits (cont'd)

Share based payments

Share based compensation benefits are provided to employees via the Globe Employee Share Plan ('ESP') and the Executive Long Term Incentive Plan ('LTIP'). Information relating to these plans is included in Note 27 *Key Management Personnel Disclosures* and in the Remuneration Report which is set out on pages 37 to 42 of the Directors' report.

(i) Executive Long Term Incentive Plan (LTIP)

The fair value of rights granted under the LTIP is recognised as an employee benefit expense with a corresponding increase in equity.

As all rights granted under the current LTIP have non-market vesting conditions (EPS targets), the best available estimate of the number of performance rights expected to vest is used at the reporting date to determine the employee benefit expense for the period. This estimate is revised at each future reporting date if subsequent information indicates that the number of performance rights expected to vest differs from previous estimates and a corresponding adjustment is made to the employee benefit expense in those future periods.

Certain rights granted under a previous version of the LTIP had market vesting conditions (Total Shareholder Return). The fair value of these rights was measured at grant date and recognised over the period during which the employees become unconditionally entitled to the performance rights, and was not subsequently remeasured. The fair value at grant date was independently determined using a Black-Scholes pricing model.

(y) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. If the entity acquires its own equity instruments as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit and loss and the consideration paid including any directly attributable incremental costs, net of tax, is recognised directly in equity.

(z) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as an operating cash flow.

(ac) Rounding of amounts

The Company has applied relief available under ASIC Class Order 98/0100 and accordingly, amounts in the financial report have been rounded off to the nearest one thousand dollars or, in certain cases, to the nearest dollar.

(ad) Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(ae) Parent entity financial information

The financial information for the parent entity, Globe International Limited, disclosed in Note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost.

(ii) Accumulated profits reserve

Current year profits are held in a separate accumulated profits reserve, rather than being off-set against retained earnings. Dividends are paid out of the accumulated profits reserve.

(ii) Tax consolidation legislation

Globe International Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as at 1 July 2003. The head entity, Globe International Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right.

In addition to its own current and deferred tax amounts, Globe International Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Globe International Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ae) Parent entity financial information (cont'd)

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Globe International Limited for any current tax payable assumed and are compensated by Globe International Limited for any current tax receivable and deferred taxes relating to unused tax losses or unused tax credits that are transferred to Globe International Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(af) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations which are relevant to the consolidated entity is set out below.

(i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013). AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The consolidated entity is yet to assess its full impact of the revised standard, but it is not expected to have a significant impact on the consolidated entity's financial statements. The consolidated entity has not yet decided when to adopt AASB 9.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013) In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. The consolidated entity is yet to assess its full impact of the revised standard, but it is not expected to have a significant impact on the consolidated entity's financial statements. The consolidated entity does not expect to adopt the new standards before their operative date, which means that it would be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013) AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The consolidated entity does not expect the new standard will have any impact on the measurement of its assets and liabilities, but application of the new standard may impact the type of information disclosed in the notes to the financial statements. The consolidated entity does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) and AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013). In September 2011, the AASB released a revised standard on accounting for employee benefits. The revised standard may result in a change of classification between short term and long term employee benefits, in particular annual leave. The consolidated entity has not yet completed its assessment of the impact on the financial statements. The consolidated entity does not expect to adopt the new standards before their operative date, which means that it would be first applied in the financial statements for the annual reporting period ending 30 June 2014.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(af) New accounting standards and UIG interpretations (cont'd)

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(ag) Critical accounting estimates

Accounting estimates are assumptions that are used to determine the financial performance and position at a point in time. These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events, that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Included below is the following:

(1) Details of the estimates and assumptions that have a risk of causing potentially material adjustments to the carrying amounts of assets and liabilities within the next financial year; and

(2) Details of the changes in critical accounting estimates that impact both current and future periods.

(1) Estimates and assumptions with potentially material impacts on the financial statements in future periods

(i) Estimated Impairment of Intangible Assets

The consolidated entity tests whether intangible assets have suffered any impairment in accordance with the accounting policy stated in Note 1(k). The recoverable amounts of these intangible assets are determined based on fair value less costs to sell. These calculations require the use of assumptions which are outlined in Note 15 *Intangible Assets*.

(ii) Fair value estimates

The fair value estimates of financial assets and liabilities must be estimated for recognition, measurement and disclosure purposes. The nominal value less estimated credit adjustments of trade and other receivables and payables are assumed to approximate their fair values. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. The fair value of financial liabilities for disclosure purposes is estimated by discounting future contractual cash flows at the relevant interest rate or the current market interest rate that is available to the consolidated entity for similar financial instruments, where there is no relevant interest rate.

(iii) Taxation estimates

The current year income tax expense and current tax payable are determined in accordance with note 1(c). The carrying value of deferred tax assets relating to tax losses is determined based on the estimated probability of recovery of those losses in future periods. Refer to Note 16 *Tax Assets* for the details of these estimates.

(2) Changes in accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 2. FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks - credit risk; market risk (including currency risk, and interest rate risk); and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. These derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include monitoring the financial performance of counter-parties, ageing analysis for trade and other receivables, credit exposures and sensitivity analysis for foreign exchange and interest rate risk.

The board of directors has the ultimate responsibility for the establishment and oversight of the risk management framework. The Board works with the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") to establish the overall risk and control framework. The CEO and CFO are then delegated the authority and responsibility to assess specific risks, set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly by the CEO and CFO to reflect changes in market conditions and the consolidated entity's activities. The CEO and CFO report to the Board on a regular basis in relation to the risk and control framework. The consolidated entity has written policies in place, covering specific areas, such as foreign exchange risk and credit risk.

The consolidated entity holds the following financial instruments as at the reporting date:

	NOTES	2012 \$'000	2011 \$'000
Financial assets			
Cash and cash equivalents	9	10,157	12,320
Trade and other receivables	10	12,473	12,208
Other financial assets	14	1,348	1,280
Total financial assets		23,978	25,808
Financial liabilities			
Trade and other payables	17	12,357	11,455
Derivative financial instruments	12	4	160
Total financial liabilities		12,361	11,615

NOTE 2. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk

Whilst overall credit risk management is overseen by the Board, the day to day management of credit risk is conducted at a regional level by CEO, CFO and regional management teams. Credit risk arises from cash and cash equivalents, forward exchange contracts, deposits with banks and trade and other receivables, including factoring arrangements.

Cash, cash equivalents and deposits are placed with reputable international banks. The counterparties to forward exchange contracts are also reputable international banks and financial institutions. The consolidated entity has a policy in place to assess any new relationships with financial institutions, and to annually monitor existing relationships.

There are no significant concentrations of credit risk in relation to trade receivables in the consolidated entity as there are a large number of customers that are internationally dispersed. To minimise exposure to credit risk, the consolidated entity has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Credit history is verified mainly through trade references and reports from credit rating agencies where available. Credit applications are received for each customer, and credit limits are established and reviewed regularly. When a customer is deemed un-creditworthy, no credit is granted and payment is secured either by a letter of credit or prepayment for the goods. Goods are sold subject to retention of title clauses in those regions where such clauses are legally accepted, so that in the event of default the consolidated entity may have a secured claim in certain circumstances. In some instances personal guarantees are obtained from customers. No collateral is required for trade receivables.

Other receivables include sundry receivables and amounts due from factors. The exposure to credit risk on amounts due from factors is monitored through the financial institution monitoring policy noted above, which includes regular review of financial performance and updates provided by ratings agencies and the counter-party itself.

Other financial assets represent available-for-sale investments in other entities.

Note 26 (a) contains quantitative details of the consolidated entity's exposure to credit risk.

(b) Market risk

(i) Foreign exchange risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities in a currency that is not the consolidated entity's functional currency, or the functional currency of one of its subsidiaries. The risk is measured using sensitivity analysis and projections of future commercial transactions. Forward contracts are used to manage foreign exchange risk associated with inventory purchases.

The consolidated entity's risk management policy is for each region to hedge up to 75% of forecast foreign currency denominated inventory purchases over a six month period. All hedges of projected purchases qualify as "highly probable" forecast transactions for hedge accounting purposes.

The consolidated entity does not hedge its net investments in foreign subsidiaries denominated in foreign currency as those currency positions are considered long term in nature. Any foreign exchange gains or losses are taken to the foreign currency translation reserve on consolidation.

Note 26 (b)(i) contains quantitative details and sensitivity analysis of the consolidated entity's exposure to foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 2. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk (cont'd)

(ii) Interest rate risk

The consolidated entity's main interest rate risk during the financial year resulted from movements in interest rates on surplus funds placed on deposit or at call with banks. These funds are placed in interest bearing accounts on short term maturities and are not hedged with interest rate derivatives. The consolidated entity also operates receivables financing agreements, as discussed in Note 26(c). Under the terms of the agreements, the consolidated entity is exposed to interest rate risk, to the extent that the available facilities are utilised.

Note 26 (b)(ii) contains quantitative details of the consolidated entity's exposure to interest rate risk.

(c) Liquidity risk

The consolidated entity finances its operations by a combination of net cash from operating activities, the reinvestment of surplus cash and the use of short-term funding from the sale of certain receivables to factoring institutions. Liquidity risk is the risk that the consolidated entity may not be able to access funding when required, for both day-to-day requirements and to support its strategic activities.

Liquidity risk is managed by continuously monitoring forecast and actual cash flows and matching the maturities of financial assets against liabilities. In many cases trade receivables are financially incentivised to pay on time; and credit terms with both customers and suppliers of goods and services are negotiated to minimise the gap between payment and collection.

Due to the seasonal nature of the cash flows and the requirement for working capital funding at times throughout the year, receivables factoring arrangements are maintained with reputable banks and financial institutions. Management regularly reviews the forecast levels of available facilities in line with cash flow requirements. In addition, management maintains relationships with key financial institutions that may be able to provide alternate sources of funding.

Note 26 (c) contains quantitative details of the consolidated entity's exposure to liquidity risk.

NOTE 3. SEGMENT REPORT

(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 or Vice President. These operating segments are Australasia, North America and Europe. Management and the Board monitor the performance of each of these segments separately.

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.

(b) Reportable segment information

The segment information provided to the CEO for the reportable segments is as follows:

2012	NOTES	AUSTRALASIA \$'000	NORTH AMERICA \$'000	EUROPE \$'000	UNALLOCATED \$'000	TOTAL \$'000
<u>Segment Revenue</u>						
Total Segment Revenue	(c)(i)	24,999	41,902	16,190	-	83,091
Internal Segment revenue		-	(106)	-	-	(106)
External Segment Revenue		24,999	41,796	16,190	-	82,985
<u>Segment Profit / (Loss)</u>						
Segment EBITDA	(c)(ii)	2,151	1,710	973	(3,117)	1,717
Depreciation and amortisation	5	(469)	(386)	(86)	(148)	(1,089)
Interest revenue	4	75	-	1	-	76
Finance costs	5	(1)	(1)	-	-	(2)
<u>Other material non-cash items</u>						
Impairment of receivables	5	(143)	(53)	(201)	-	(397)
Impairment of inventories	5	(101)	(244)	(149)	-	(494)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 3. SEGMENT REPORT (CONT'D)

(b) Reportable segment information (cont'd)

2012	NOTES	AUSTRALASIA \$'000	NORTH AMERICA \$'000	EUROPE \$'000	TOTAL \$'000
Segment Assets and Liabilities					
Reportable segment assets	(c)(iii)	23,808	19,370	8,566	51,744
Reportable segment liabilities	(c)(iv)	3,708	13,152	6,163	23,023
Acquisition of non-current assets		361	91	64	516

2011	NOTES	AUSTRALASIA \$'000	NORTH AMERICA \$'000	EUROPE \$'000	UNALLOCATED \$'000	TOTAL \$'000
<u>Segment Revenue</u>						
Total Segment Revenue	(c)(i)	23,963	49,362	15,027	-	88,352
Internal Segment revenue		-	(77)	-	-	(77)
External Segment Revenue		23,963	49,285	15,027	-	88,275
<u>Segment Profit / (Loss)</u>						
Segment EBITDA	(c)(ii)	2,246	3,400	216	(2,932)	2,930
Depreciation and amortisation	5	(471)	(448)	(96)	(148)	(1,163)
Impairment of intangible assets	5	-	(104)	-	(95)	(199)
Interest revenue	4	215	-	7	-	222
Finance costs	5	(3)	(9)	(2)	-	(14)
<u>Other material non-cash items</u>						
Impairment of receivables	5	(70)	(61)	(199)	-	(330)
Impairment of inventories	5	(90)	(141)	(10)	-	(241)

	NOTES	AUSTRALASIA \$'000	NORTH AMERICA \$'000	EUROPE \$'000	TOTAL \$'000
Segment assets and liabilities					
Reportable segment assets	(c)(iii)	26,744	19,305	8,142	54,191
Reportable segment liabilities	(c)(iv)	4,548	13,621	6,393	24,562
Acquisition of non-current assets		211	109	68	388

NOTE 3. SEGMENT REPORT (CONT'D)

(c) Reconciliations

(i) Segment Revenues

Segment revenues include the revenue on sale of goods and royalty income earned. Segment revenues include transfers between segments. Such transfers are priced on an arms-length basis and are eliminated on consolidation at a segment reporting level.

Segment revenue reconciles to total revenue from continuing operations as follows:

	NOTES	2012 \$'000	2011 \$'000
Total segment revenue		83,091	88,352
Elimination of inter-segment revenue		(106)	(77)
Interest revenue		76	222
Total revenue	4	83,061	88,497

(ii) Segment EBITDA

Segment EBITDA is the most common measure used by the CEO and the board of directors to measure the performance of the operating segments. The measurement of EBITDA excludes the cost of central corporate costs, which are included as "unallocated" in the segment report. Certain Globe branded costs, including global marketing and events and footwear design, development, sourcing and production, are incurred centrally. To determine segment profitability, these costs are allocated one third to each segment for management reporting purposes. All other costs are allocated to regions based on the location of the spend.

Segment EBITDA reconciles to total operating profit before tax as follows:

	NOTES	2012 \$'000	2011 \$'000
Total segment EBITDA		4,834	5,862
Unallocated Corporate expenses		(3,117)	(2,932)
EBITDA		1,717	2,930
Depreciation and amortisation	5	(1,089)	(1,163)
Impairment of assets	5	-	(199)
Interest revenue	4	76	222
Finance costs	5	(2)	(14)
		(1,015)	(1,154)
Profit / (loss) before tax		702	1,776

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
GLOBE INTERNATIONAL LIMITED

NOTE 3. SEGMENT REPORT (CONT'D)

(c) Reconciliations (cont'd)

(iii) Segment assets

Segment assets are allocated to the segments based on the operations of the segment and the physical location of the asset. Net intercompany receivables are included in the segments as applicable. Intangible assets are allocated to the segment that owns the assets and the associated rights, with the exception of certain Globe intangible assets which are unallocated. Current and deferred tax assets are not considered to be segment assets. Reportable segment assets are reconciled to total assets as follows:

	NOTES	2012 \$'000	2011 \$'000
Total segment assets		51,744	54,191
Elimination of inter-segment loans		(9,174)	(11,398)
Unallocated Intangible assets	15	16,812	16,958
Current and deferred tax assets	16	3,331	3,754
Total assets		62,713	63,505

(iv) Segment liabilities

Segment liabilities are allocated to the segments based on the operations of the segment. Net intercompany payables are included in the segments as applicable. Borrowings are included in segment liabilities as these are either short-term financing loans related to cash on hand, or finance lease assets related to the property, plant and equipment used to generate operating cash flows. Current and deferred tax liabilities are not considered to be segment liabilities. Reportable segment liabilities are reconciled to total liabilities as follows:

	NOTES	2012 \$'000	2011 \$'000
Total segment liabilities		23,023	24,562
Elimination of inter-segment loans		(9,174)	(11,398)
Current and deferred tax liabilities	18	3,866	3,444
Total liabilities		17,715	16,608

(d) Other information

Information about revenues from external customers and non-current assets in Australia, the entity's country of domicile, and any other material individual countries is disclosed below. These revenues are allocated based on the location of the customer. Non-current assets are allocated based on the location of the asset, or the country which derives income from the asset in the case of investments and intangible assets. Assets that are not allocated to reporting segments are excluded from regional assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 3. SEGMENT REPORT (CONT'D)

(d) Other information (cont'd)

	EXTERNAL SEGMENT REVENUES		EXTERNAL NON-CURRENT ASSETS	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Australia	22,530	21,171	1,262	1,370
United States	26,192	31,609	2,887	3,028
Other foreign countries	34,263	35,495	531	604
Unallocated deferred taxes	-	-	3,055	3,314
Unallocated intangible assets	-	-	16,812	16,958
Total	82,985	88,275	24,547	25,274

NOTE 4. REVENUE

	2012 \$'000	2011 \$'000
Sale of goods	82,262	87,724
Royalty income	723	551
Finance income	76	222
	83,061	88,497

NOTE 5. EXPENSES

	NOTES	2012 \$'000	2011 \$'000
Profit from ordinary activities of the continuing operations, before income tax, includes the following specific expenses:			
Cost of sales		44,975	47,868
Bad and doubtful debts	26	397	330
Write down of inventory to net realisable value		494	241
Borrowing costs			
Interest & finance charges paid		2	14
Operating lease expenses			
Rent for premises		1,524	1,660
Depreciation			
Leasehold improvements		215	214
Plant & equipment		83	82
Office equipment, furniture and fittings		347	412
Motor Vehicles		24	15
Total Depreciation		669	723
Amortisation			
Amortisation of Trademarks		406	425
Amortisation of other intangibles		14	15
Total Amortisation		420	440
Total depreciation and amortisation		1,089	1,163
Impairment of intangible assets		-	199

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 6. SIGNIFICANT ITEMS

	NOTES	2012 \$'000	2011 \$'000
Profit (loss) for the year includes the following or items for which disclosure is relevant in explaining the financial performance from operating activities due to their significance in either size or nature:			
Net proceeds from the settlement of a legal case		1,030	-
Write-down in recoverable amount of intangible assets	15	-	(199)
Total significant items		1,030	(199)
Income tax (expense) / benefit associated with items above		(362)	60
Provision against value of deferred tax assets relating to unutilised tax losses		(308)	-
Total significant income tax (expense) / benefit		(670)	60
Net significant items		360	(139)

NOTE 7. NOTES TO THE STATEMENT OF CASH FLOWS

	NOTES	2012 \$'000	2011 \$'000
(a) Reconciliation of net cash provided by operating activities to profit / (loss) from ordinary activities after income tax			
Operating profit / (loss) after taxation		62	1,089
Impairment of intangible assets	5	-	199
Depreciation and amortisation	5	1,089	1,163
Derecognition of deferred tax assets (tax losses)	8(b)	-	-
Net exchange gains / (losses) on net assets		(144)	(927)
Changes in operating asset and liabilities as reported:			
(Increase)/Decrease in trade receivables		(935)	(68)
(Increase)/Decrease in other receivables and prepayments		545	2,024
(Increase)/Decrease in inventories		(1,864)	(1,422)
Increase/(Decrease) in other payables/provisions/accruals		685	(768)
Increase/(Decrease) in net taxes payable (recognised and unrecognised amounts)		844	(151)
Net cash provided by/(used in) operating activities		282	1,139

NOTE 8. INCOME TAX EXPENSE

	2012 \$'000	2011 \$'000
(a) Income tax expense recognised in the income statement		
Prior year under / (over) provision	-	20
Current tax <i>(net of tax losses not recognised)</i>	210	413
Deferred tax relating to temporary differences	430	254
Total income tax expense / (benefit)	640	687
The deferred income tax (benefit) / expense included in income tax expense relates to the reversal of temporary differences.		
(b) Numerical reconciliation between tax expense and pretax profit		
Profit / (loss) from continuing operations before income tax	702	1,776
Income tax expense / (benefit) calculated at 30%	211	533
Increase / (decrease) in tax due to:		
Prior year under / (over)	-	20
Revenue losses and temporary differences derecognised	308	-
Non allowable / (assessable) amounts	(63)	(15)
Expiry of foreign income tax credits	130	66
Differences in tax on overseas income	54	83
Income tax expense / (benefit)	640	687
(c) Deferred tax recognised directly in other comprehensive income		
Cash flow hedge reserve	(49)	(81)
Foreign currency translation reserve	(19)	(681)
Deferred tax expense / (benefit)	(68)	(762)
(d) Franking Account		
Franking account balance at 30% tax rate	4,914	5,802

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 9. CASH AND CASH EQUIVALENTS

	NOTES	2012 \$'000	2011 \$'000
Cash at bank		7,142	8,645
Short term deposits		3,015	3,675
	(a)	10,157	12,320

(a) Reconciliation of cash and cash equivalents to the statement of cash flow

Cash at the end of the financial year as shown in the statement of cash flows is consistent with items in the balance sheet.

(b) Credit risk and interest rate risk

The consolidated entity's general exposure and management of credit risk and interest rate risk is discussed in Note 2 *Financial Risk Management*. The detailed exposure to these risks as at the current balance date is disclosed in Note 26 *Financial Instruments*.

NOTE 10. TRADE AND OTHER RECEIVABLES

	NOTES	2012 \$'000	2011 \$'000
Current			
Trade receivables		10,275	9,880
Less: Provision for doubtful receivables		(911)	(1,453)
		9,364	8,427
Other receivables	(c)	2,569	3,192
Restricted cash on deposit	26	312	306
Trade deposits		228	283
	26	12,473	12,208

(a) Fair Value

The consolidated entity's financial assets are carried in the balance sheet at amounts that approximate fair value.

(b) Credit risk and interest rate risk

The consolidated entity's general exposure and management of credit risk and interest rate risk is discussed in Note 2 *Financial Risk Management*. The detailed exposure to these risks as at the current balance date is disclosed in Note 26 *Financial Instruments*.

(c) Other receivables

This amount includes \$2.1 million (2011: \$2.7 million) relating to amounts recoverable under trade receivables factoring arrangements – refer to Note 26 for further information. Other amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Collateral is not normally obtained.

NOTE 11. INVENTORIES

	2012 \$'000	2011 \$'000
Inventories at cost		
Raw materials	648	580
Work in progress	22	30
Finished goods	14,684	12,786
Total inventories at cost	15,354	13,396
Provision for inventory write-downs	(902)	(809)
	14,452	12,587

NOTE 12. DERIVATIVE FINANCIAL INSTRUMENTS

	2012 \$'000	2011 \$'000
Forward exchange contracts – cash flow hedge asset / (liability)	(4)	(160)

(a) Forward exchange contracts

The consolidated entity enters into forward exchange contracts, in the normal course of business, to hedge certain foreign exchange exposures, as discussed in Note 2 *Financial Risk Management*. These contracts are hedging highly probable forecasted purchases for the ensuing seasons, and are timed to mature when payments for major shipments for each season are due. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the consolidated entity effectively adjusts the initial measurement of the inventory recognised in the balance sheet by the related amount deferred in equity. For details of the hedging instruments outstanding as at balance date, refer to Note 26 *Financial Instruments*.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

Reconciliations of the carrying values of each class of property, plant and equipment at the beginning and end of the current and previous financial years, for the consolidated entity, are as follows:

	LEASEHOLD IMP'MENTS	MOTOR VEHICLES	PLANT & EQUIPMENT	OFFICE EQUIPMENT, FURNITURE & FITTINGS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cost as at 1 July 2010</i>	3,580	133	843	3,471	8,027
<i>Accumulated depreciation at 1 July 2010</i>	(2,628)	(62)	(413)	(2,675)	(5,778)
Carrying value at 1 July 2010	952	71	430	796	2,249
Additions	80	17	28	263	388
Depreciation	(214)	(15)	(82)	(412)	(723)
Reclassification between classes	67	-	-	(67)	-
Foreign currency translation gain / (loss) on fixed assets of overseas subsidiaries	(14)	(16)	(9)	(43)	(82)
<i>Cost as at 30 June 2011</i>	3,411	120	779	3,128	7,438
<i>Accumulated depreciation at 30 June 2011</i>	(2,540)	(63)	(412)	(2,591)	(5,606)
Carrying value at 30 June 2011	871	57	367	537	1,832
Additions	120	51	-	345	516
Depreciation	(215)	(24)	(83)	(347)	(669)
Foreign currency translation gain / (loss) on fixed assets of overseas subsidiaries	(16)	3	1	-	(12)
<i>Cost as at 30 June 2012</i>	3,575	142	799	3,485	8,001
<i>Accumulated depreciation at 30 June 2012</i>	(2,815)	(55)	(514)	(2,950)	(6,334)
Carrying value at 30 June 2012	760	87	285	535	1,667

NOTE 14. OTHER FINANCIAL ASSETS

	2012 \$'000	2011 \$'000
Investments in other entities (available for sale)	1,348	1,280

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 15. INTANGIBLE ASSETS

	GOODWILL	TRADEMARKS INDEFINITE LIFE	TRADEMARKS FINITE LIFE	OTHER INTANGIBLE ASSETS – FINITE LIFE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2010					
Cost	65,345	21,410	17,532	444	104,731
Accumulated amortisation and impairment	(65,345)	(4,709)	(14,681)	(42)	(84,777)
Net book amount	-	16,701	2,851	402	19,954
Year ended 30 June 2011					
Opening net book amount	-	16,701	2,851	402	19,954
Amortisation charge	-	-	(425)	(15)	(440)
Impairment charge	-	-	(199)	-	(199)
Foreign exchange translation impacts	-	-	(450)	(17)	(467)
Closing net book amount	-	16,701	1,777	370	18,848
At 30 June 2011					
Cost	65,345	21,410	14,275	418	101,448
Accumulated amortisation and impairment	(65,345)	(4,709)	(12,498)	(48)	(82,600)
Net book amount	-	16,701	1,777	370	18,848
Year ended 30 June 2012					
Opening net book amount	-	16,701	1,777	370	18,848
Amortisation charge	-	-	(406)	(14)	(420)
Foreign exchange translation impacts	-	-	79	(30)	49
Closing net book amount	-	16,701	1,450	326	18,477
At 30 June 2012					
Cost	65,345	21,410	14,950	383	102,088
Accumulated amortisation and impairment	(65,345)	(4,709)	(13,500)	(57)	(83,611)
Net book amount	-	16,701	1,450	326	18,477

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 15. INTANGIBLE ASSETS (CONT'D)

(a) Impairment tests for indefinite life intangible assets

Goodwill

Goodwill was allocated to the consolidated entity's cash-generating units (CGUs) which were determined based on specific businesses / acquisitions. The consolidated entity has carried a provision for impairment against the full cost value of goodwill since before the beginning of the current financial year. In accordance with the accounting policy in Note 1(k), this provision will never be reversed.

Trademarks with indefinite useful lives

The Globe trademark is considered to have an indefinite life. Established in 1993, Globe is the consolidated entity's flagship brand, and is a well recognised action sports brand worldwide, with a broad offering of footwear, apparel and accessories sold predominantly in North America, Europe and Australasia. The brand is not considered to have a foreseeable brand maturity date, and has accordingly been assessed as having an indefinite useful life. The carrying value of the Globe trademark as at the end of the current financial year is \$16.7 million (2011: \$16.7 million)

The recoverable amount of the Globe trademark is determined based on fair value less costs to sell. The fair value is determined based on future cash flow projections using the "royalty relief" method of valuing trademarks. Future cash flow projections use sales forecasts based on financial budgets and conservative growth assumptions for up to 5 years. The cumulative level of growth applied to future sales forecasts beyond budgeted periods is within the range of 0% to 5%. These growth assumptions are applied based on management's assessment of the realistic short-term sales expectations of the brand based on sales, marketing, product and distribution initiatives that are expected to have an effect during the period. These assessments are applied after taking into account recent sales trends and general macro economic conditions. An average royalty rate of 7% (2011: 6%) is applied to these trademarks. A benchmarking exercise performed during the year was the catalyst for the reassessment of the applicable royalty rate. A pre-tax discount factor in the range of 15% to 17% (2011: 15%– 17%) has been applied to the future cash flows.

NOTE 16. TAX ASSETS

	NOTES	2012 \$'000	2011 \$'000
Current tax assets	(i)	276	440
Deferred tax assets attributable to temporary differences	(ii)	2,986	3,046
Deferred tax assets attributable to tax losses	(iii)	69	268
Total deferred tax assets		3,055	3,314
Total tax assets		3,331	3,754

(i) Current tax assets are tax refunds due on current or prior year period taxes paid.

(ii) Deferred taxes attributable to temporary differences include:

	2012 \$'000	2011 \$'000
<i>Amounts recognised in profit or loss:</i>		
Trade and other receivables	229	327
Inventories	316	305
Property, plant and equipment	588	553
Intangible assets	16	14
Employee benefits (provisions and payables)	403	399
Accruals	151	84
Other	1	13
	1,703	1,695
<i>Amounts recognised directly in equity:</i>		
Hedging reserve	-	49
Foreign currency translation reserve	1,283	1,302
Total temporary differences	2,986	3,046

There are no unrecognised deferred tax assets relating to temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 16. TAX ASSETS (CONT'D)

(iii) Deferred taxes attributable to tax losses

This balance comprises of net operating tax losses that are expected to be utilised in the next three to four years. The utilisation of these losses will occur after sufficient profits have been generated to reverse existing taxable temporary differences in the relevant regions. The carrying value of these tax losses is supported by future taxable profit forecasts which indicate that it is probable that these losses will be utilised within the foreseeable future.

The consolidated entity has \$7.5 million (2011: \$7.1 million) of deferred tax assets relating to revenue losses that have not been recognised. These tax losses do not expire under current tax legislation. Deferred tax assets will not be recognised until such time that current taxable profit forecasts for the relevant jurisdictions indicate that it is probable that these benefits will be utilised in the foreseeable future.

In addition, the consolidated entity has \$3.6 million (2011: \$3.6 million) of deferred tax assets relating to capital tax losses that have not been recognised. These tax losses do not expire under current tax legislation. Deferred tax assets will not be recognised until such time that it is probable that future capital gains will be available to utilise these benefits.

NOTE 17. TRADE AND OTHER PAYABLES

	2012 \$'000	2011 \$'000
Current payables		
Trade creditors	8,641	8,656
Other creditors and accruals	3,716	2,799
	12,357	11,455

NOTE 18. TAX LIABILITIES

	NOTES	2012 \$'000	2011 \$'000
Non current			
Deferred Tax Liability	(i)	3,866	3,444

(i) This balance consists of temporary differences attributable to:

<i>Amounts recognised in profit or loss:</i>			
Trade and other receivables		1	8
Intangible assets		3,865	3,436
Total temporary differences		3,866	3,444

NOTE 19. PROVISIONS

	NOTES	2012 \$'000	2011 \$'000
Employee entitlements			
Current		894	959
Non-current		474	414
Total employee entitlements	(a)	1,368	1,373

(a) Employee entitlements include:

Annual leave and long service leave provisions

The provision for employee entitlements comprises amounts for annual leave and long service leave. Annual leave is recognised as a current provision as the consolidated entity does not have the unconditional right to defer settlement. The consolidated entity expects annual leave amounts to be largely paid out within 12 months. The following assumptions were used in measuring the long service leave provision for the year ended 30 June 2012:

Expected increase in wages and salaries	3% - 4%	(2011: 3% - 4%)
Expected wages and salary on-costs	7% - 16%	(2011: 7% - 16%)

Superannuation

The consolidated entity contributes to various industry superannuation fund plans in Australia. The plans operate on an accumulation basis and provide lump sum benefits for members on retirement in addition to death and disablement insurance. The contributions are based on negotiated agreements with employees or employee consolidated entities. Accrued superannuation contributions, along with other accrued labour costs, are included in trade and other payables (Note 17).

NOTE 20. OTHER LIABILITIES

	2012 \$'000	2011 \$'000
Accruals related to lease incentives and fixed rent escalation clauses	120	176

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 21. CONTRIBUTED EQUITY

	NOTES	2012 \$'000	2011 \$'000
Paid-up capital:			
41,463,818 (2011: 41,463,818) fully paid ordinary shares	(a)	144,223	144,223

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(b) Capital risk management

The consolidated entity's primary objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. Accordingly, the consolidated entity's core strategy is to maintain a low level of borrowings. As at the end of both the current and financial years, the consolidated entity had no borrowings. The consolidated entity did however, utilise receivables factoring facilities at certain stages throughout the year to supplement cash reserves, as required.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, and sell assets to pay down debt or return capital to shareholders. Where there is excess capital in the business through major asset sales, the Company will aim to return this capital to shareholders.

NOTE 22. TREASURY SHARES

	NOTES	2012 \$'000	2011 \$'000
Treasury shares held by the Employee Share Trust	(a)	(487)	(487)

(a) Treasury shares are shares in Globe International Limited that are held by the Employee Share Trust for the purpose of issuing shares to employees under the consolidated entity's remuneration policies, as outlined in the Remuneration Report, on pages 37 to 42 of the Directors' Report. The total number of shares held as at the end of the financial year was 510,000 (2011: 510,000).

NOTE 23. RESERVES

	NOTES	2012 \$'000	2011 \$'000
Foreign currency translation reserve	(a)	(10,245)	(10,250)
Hedging reserve – cash flow hedges	(b)	(4)	(111)
Share based payments reserve	(c)	323	323
		(9,926)	(10,038)

	2012 \$'000	2011 \$'000
<i>(a) Foreign currency translation reserve</i>		
Balance at 1 July	(10,250)	(7,221)
Currency translation differences arising during the year, net of tax	5	(3,029)
Balance at 30 June	(10,245)	(10,250)

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

	2012 \$'000	2011 \$'000
<i>(b) Hedging reserve – cash flow hedges</i>		
Balance at 1 July	(111)	77
Revaluation – gross	(4)	(160)
Deferred tax	–	48
Transfer to inventory	160	(109)
Deferred tax	(49)	33
Balance at 30 June	(4)	(111)

The hedging reserve is used to record gains or losses on hedging instruments that are designated as cash flow hedges and are therefore recognised directly in equity, as described in Note 1(s). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

- (c) The share based payments reserve is used to recognise the fair value of performance rights issued but not vested, as described in Note 1(x). The balance in the reserve was generated when the rights had market vesting conditions, and as such has not been subsequently remeasured, even though those rights never vested. There was no movement in the value of the reserve in the current or the prior period, as there was no value attributed to rights outstanding under the most recent LTIP, which is based on non-marketing vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
GLOBE INTERNATIONAL LIMITED

NOTE 24. RETAINED PROFITS / (LOSSES)

	2012 \$'000	2011 \$'000
Balance at 1 July	(86,801)	(85,817)
Net profit / (loss) for the year attributable to the members of the Company	62	1,089
Dividends paid	(2,073)	(2,073)
Retained profits / (losses) at the reporting date	(88,812)	(86,801)

NOTE 25. DIVIDENDS

During the current year, the consolidated entity paid a \$2.1 million final dividend for the year ended 30 June 2011. This fully franked 5 cent dividend was paid to shareholders on 30 September 2011.

Since the end of the financial year, the directors have determined that a final dividend of 2.5 cents per share will be payable on 18 October 2012. The dividend will be fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend to be paid out of retained earnings at 30 June 2012, but not recognised as a liability at year end, is \$1.0 million (2011: \$2.1 million).

The fully franked final dividend determined after 30 June 2012 will be franked out of existing franking credits. Following the payment of this dividend, the franking credits available for subsequent financial years based on a tax rate of 30% are \$4.5 million (2011: \$4.9 million).

NOTE 26. FINANCIAL INSTRUMENTS

The consolidated entity's financial risk management and measurement policies are disclosed in Note 2 *Financial Risk Management*. The following note outlines the quantitative details of the consolidated entity's financial instruments as at balance date.

(a) Credit risk

The carrying amount of the consolidated entity's financial assets, which represents the maximum credit exposure as at the reporting date, was:

	REFERENCE	2012 \$'000	2011 \$'000
Trade receivables (net of provision)	1	9,364	8,427
Other receivables	2	2,569	3,192
Restricted cash on deposit		312	306
Trade deposits		228	283
Total trade and other receivables		12,473	12,208
Other financial assets	3	1,348	1,280
Cash and cash equivalents	4	10,157	12,320
		23,978	25,808

NOTE 26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Credit risk (cont'd)

(1) Trade receivables

The consolidated entity's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2012 \$'000	2011 \$'000
Australasia	3,139	3,634
North America	3,849	2,811
Europe	2,376	1,982
	9,364	8,427

The ageing of the consolidated entity's trade receivables considered past due but not impaired as at the reporting date was:

	2012 \$'000	2011 \$'000
Past due 0-30 days	2,296	1,458
Past due 31-60 days	1,691	1,020
Past due 61-90 days	540	246
	4,527	2,724

As at the reporting date the value of trade receivables that were past due and impaired and the related impairment allowance was:

	2012 \$'000	2011 \$'000
Trade receivables – past due and impaired	1,459	1,876
Impairment allowances	(911)	(1,453)
	548	423

The movement in the impairment allowance for trade receivables during the year was:

	2012 \$'000	2011 \$'000
Balance at 1 July	1,453	1,793
Impairment loss / (write-backs) recognised during the year	397	332
Impairment loss written off against receivables	(903)	(496)
Foreign currency (gain) / loss on translation of overseas entities impairment allowance	(36)	(176)
Balance at 30 June	(911)	1,453

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 26. FINANCIAL INSTRUMENTS (CONT'D)

(1) Trade receivables (cont'd)

Based on historic default rates, management believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 30 days. The remainder of the trade receivables, except for those trade receivables that have been impaired, relate to customers that have a good credit history and accordingly based on historical default rates management believes no impairment is required.

The impairment allowance at the reporting date relates to specific customers, or specific groups of customers, where management has made an assessment that the chance of recovery is low. Although the goods sold to these customers were subject to retention of title clauses in some instances, management has no indication that the customer is still in possession of the goods, or alternatively, that the goods even if repossessed are of any significant value.

When management is satisfied that no further recovery of the receivable is possible the amount of the impairment allowance relating to that receivable is written off against the financial asset directly.

(2) Other receivables

Other receivables include sundry other receivables and amounts due from factors. All balances are current and are not considered to be impaired.

(3) Other financial assets

Other financial assets in the consolidated entity represent investments in other entities at cost.

(4) Cash and cash equivalents

Cash and cash equivalents are held at various reputed international banks in Australia, New Zealand, United States, Canada, France and the United Kingdom.

(b) Market risk

(i) Foreign Exchange Risk

The consolidated entity's net exposure to foreign exchange risk as at the reporting date was as follows:

	2012			2011		
	USD \$'000	EURO \$'000	GBP \$'000	USD \$'000	EURO \$'000	GBP \$'000
Trade receivables and other receivables	-	126	198	-	106	181
Trade payables	(467)	-	-	(754)	-	-
Forward exchange contracts – buy foreign currency	4,375	-	-	3,750	-	-
	3,908	126	198	2,996	106	181

NOTES TO THE FINANCIAL STATEMENTS
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GLOBE INTERNATIONAL LIMITED

NOTE 26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Market risk (cont'd)

FX Risk Sensitivity analysis:

-10% / + 10%	2012				2011			
	AUD VS USD \$'000	EUR VS USD \$'000	USD VS GBP \$'000	EUR VS GBP \$'000	AUD VS USD \$'000	EUR VS USD \$'000	USD VS GBP \$'000	EUR VS GBP \$'000
Impact on profit after tax (1)	(14)/12	(26)/29	(9)/11	(8)/10	(35)/28	(24)/28	(8)/10	(8)/9
Impact on equity (2)	(328)/401	(63)/77	-	-	(190)/233	(127)/156	-	-

(1) Arises on the translation of USD denominated financial instruments other than forward exchange contracts.

(2) Arises on the translation of forward exchange contracts.

(ii) Interest rate risk

The consolidated entity's exposure to interest rate risk, and the effective weighted average interest rates on classes of financial assets and liabilities on hand at the end of the year, is detailed below:

	WEIGHTED AVERAGE INTEREST RATE (%)	FLOATING INTEREST RATE \$'000	FIXED INTEREST RATE \$'000	NON- INTEREST BEARING \$'000	TOTAL \$'000
2012					
Financial assets:					
Cash and cash equivalents	3.50%	3,015	-	7,142	10,157
Trade and other receivables	-	-	-	12,473	12,473
Other financial assets	-	-	-	1,348	1,348
		3,015	-	20,963	23,978
Financial liabilities:					
Trade and other payables	-	-	-	12,357	12,357
2011					
Financial assets:					
Cash and cash equivalents	4.54%	1,476	3,675	7,169	12,320
Trade and other receivables	-	-	-	12,208	12,208
Other financial assets	-	-	-	1,280	1,280
		1,476	3,675	20,657	25,808
Financial liabilities:					
Trade and other payables	-	-	-	11,455	11,455

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 26. FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity risk

(i) Financial liabilities:

The following are the contractual maturities of the financial liabilities of the consolidated entity. As all balances are due within 6 months or less, the impact of discounting is not significant and therefore the contractual cash flow is equal to the carrying amount of the financial liabilities:

	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOW - 6 MONTHS OR LESS \$'000
2012		
Trade and other payables	12,357	12,357
Forward exchange contracts used for hedging:		
Inflow (Gross)	(4,330)	(4,330)
Outflow (Gross)	4,334	4,334
	12,361	12,361
2011		
Trade and other payables	11,455	11,455
Forward exchange contracts used for hedging:		
Inflow (Gross)	(3,520)	(3,520)
Outflow (Gross)	3,680	3,680
	11,615	11,615

(ii) Borrowing facilities

As at the reporting date, the consolidated entity had access to the following current borrowing facilities, which can be used as required for short-term funding to meet the contractual maturities of the financial liabilities noted above:

	REFERENCE	2012 \$'000	2011 \$'000
Secured receivables financing facilities			
- amount used		778	776
- amount unused		2,909	2,592
	(1)	3,687	3,368
Secured multi-option borrowing facilities			
- amount used		-	-
- amount unused		125	135
		125	135
Bank guarantee facilities			
-amount used		312	302
-amount unused		-	-
	(2)	312	302

NOTE 26. FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity risk (cont'd)

(1) Secured receivables financing facilities

North America

The consolidated entity's North American subsidiaries have an arrangement to assign a portion of their accounts receivable to a factor under an ongoing arrangement that is cancellable by either party with 60 days notice. This arrangement includes both recourse and non-recourse receivables. The majority of the receivables sold are on a non-recourse basis, which means that all credit risk passes to the factor at the time of assignment, such that the consolidated entity has no further exposure to default by trade debtors. When receivables are sold on a recourse basis, those receivables can be passed back to the consolidated entity if they are not collected within a certain time frame. Accordingly, the credit risk on these receivables remains with the consolidated entity, despite the assignment to the factor.

Non-recourse receivables sold to the factor are derecognised as trade receivables, and shown as debt due from factor under other receivables (see Note 10 *Trade and other receivables*). The consolidated entity may request advances on the net receivables factored at any time before their due date, which reduces the amounts owed by the factor to the consolidated entity. The factor charges a commission on the net sales factored, and interest on any advances. The interest rate is based on relevant floating reference rates, plus a fixed margin.

Maximum advances under the factoring agreement, provided at the discretion of the factor, are 80% of eligible accounts receivable (which excludes all recourse receivables), representing the total available facility. Amounts advanced are reported as cash. Obligations due to the factor under the factoring agreement are collateralised by a continuing security interest in the factored receivables, and other tangible assets of the North American subsidiaries. There are no financial covenants associated with this agreement.

Australia

The parent entity has in place a receivables financing arrangement which will continue on an annual rolling basis, with no fixed term. This is a non-disclosed facility that allows the parent entity access to funds at up to 85% of outstanding eligible trade receivables, at the discretion of the lender, to a maximum facility level of \$3 million. The credit risk, and all obligations associated with collecting the receivables remain with the consolidated entity. The consolidated entity may draw down on the net receivables factored at any time before their maturity date, with funds drawn reported as short term borrowings. The lender charges a fixed annual commission on the net sales factored, and interest on any funds drawn. The interest rate is based on relevant floating reference rates, plus a fixed margin. Obligations due to the financier under this agreement are collateralised by a continuing security interest in the financed receivables of the parent entity, and the other assets of the parent entity and its wholly owned Australian subsidiaries. There are no financial covenants associated with this agreement.

(2) Bank guarantee facilities

These facilities are based on fixed outstanding guarantee requirements. They are predominantly secured by restricted cash on deposit at the banks providing the guarantees (see Note 10 *Trade and Other Receivables*), as well as a secondary charge over certain assets of the consolidated group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The names of the directors who have held office at any time during the financial year:

<i>Chairman – non executive director</i>	<i>Executive directors</i>
Paul Isherwood	Stephen Hill Peter Hill

Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly during the year:

NAME	POSITION	EMPLOYER
Matthew Hill	Chief Executive Officer	Osata Enterprises Inc.
Jessica Moelands	Chief Financial Officer	Globe International Limited
Gerhard Correa	Company Secretary	Globe International Limited
Gary Valentine	Chief Operating Officer	Osata Enterprises Inc.
Matthew Wong	President – Global Product	Globe International Limited
Jon Moses	President – Australasia	Globe International Limited

Key management personnel compensation

	2012 \$	2011 \$
Short-term employee benefits	2,489,031	2,459,906
Post-employment benefits	91,025	88,145
	2,580,056	2,548,051

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

Other transactions with directors and key management personnel

Shareholdings

The number of shares in the Company held during the financial year by each director of the Company and each of the key management personnel of the consolidated entity, including their personally related entities, are set out below:

NAME	2011			2012			
	BALANCE AT THE START OF THE 2010 FINANCIAL YEAR	RECEIVED DURING THE 2011 YEAR ON THE EXERCISE OF PERFORMANCE RIGHTS	OTHER CHANGES DURING THE 2011 YEAR	BALANCE AT THE END OF THE 2011 YEAR / BEGINNING OF THIS YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF PERFORMANCE RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Directors of Globe International Limited – Ordinary Shares							
Paul Isherwood	400,000	-	168,127	568,127	-	231,873	800,000
Peter Hill	11,881,281	-	105,000	11,986,281	-	325,978	12,312,259
Stephen Hill	11,881,281	-	105,000	11,986,281	-	325,978	12,312,259
Key management personnel of the consolidated entity – Ordinary Shares							
Matthew Hill	3,454,465	-	-	3,454,465	-	41,500	3,495,965
Jessica Moelands	1,000	-	-	1,000	-	-	1,000
Gerhard Correa	204	-	-	204	-	-	204
Matthew Wong	117,500	-	-	117,500	-	-	117,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

Related party transactions with directors and key management personnel

From time to time the consolidated entity may engage in transactions with directors, key management personnel and their related entities where the transaction presents a commercial opportunity for the consolidated entity. Such transactions occur on the condition that they are based on arms length, or better than arms length, terms and conditions. Where such transactions are on a fixed contractual basis (such as property lease contracts), approval is required from the independent non-executive Chairman of the board prior to the execution of the contract. Such approval is only granted where management is able to provide evidence that the transaction is commercially relevant and has been made on an arms length basis. For property leases, such evidence includes independent professional advice with regards to the appropriate valuation of the leased property.

Peter Hill and Stephen Hill were directors of the Company and Matthew Hill was the CEO throughout the financial period, and were involved with the following related party transactions, all of which were conducted under arms length terms and conditions.

- (i) Stephen Hill is a director of Osaka Enterprises Pty Ltd ("Osaka"). The consolidated entity rented a commercial property from Osaka for part of the financial year ended 30 June 2012 and paid rent to Osaka of \$9,533 (2011: \$130,193). This lease expired in November 2011 and the consolidated entity has exited the property.
- (ii) Peter and Stephen Hill are directors of LHCF Nominees Pty Ltd ("LHCF"). The consolidated entity entered into a lease for a commercial property with LHCF during the previous financial year, and during the current year paid rent to LHCF of \$624,180 (2011: \$628,750). Rent is paid one month in advance, and is due and payable on the first of every month.
- (iii) Peter and Stephen Hill are directors of Gleaner Developments Pty Ltd ("Gleaner"). The consolidated entity rented a commercial property from Gleaner for the whole of the financial year ended 30 June 2012, and paid rent to Gleaner of \$81,120 (2011: \$75,029) for the use of the property. Rent is paid one month in advance, and is due and payable on the first of every month.

NOTE 28. AUDITORS' REMUNERATION

	2012 \$	2011 \$
(a) Audit services		
<i>PricewaterhouseCoopers Australia:</i>		
Audit and review of financial reports	262,300	315,270
<i>Overseas PricewaterhouseCoopers firms:</i>		
Audit and review of financial reports	35,065	42,958
Other regulatory services	3,700	3,680
	301,065	361,908
(b) Non-audit services		
<i>PricewaterhouseCoopers Australia:</i>		
Taxation services	37,000	20,350
<i>Overseas PricewaterhouseCoopers firms and other related parties:</i>		
Taxation services	7,166	4,469
	44,166	24,819
(c) Non-PricewaterhouseCooper audit firms		
Audit and review of financial reports	3,863	3,898
Other services	2,267	1,047
	6,130	4,945
Total auditors' remuneration	351,361	391,672

NOTE 29. CONTINGENCIES

There were no contingent liabilities or assets existing as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
GLOBE INTERNATIONAL LIMITED

NOTE 30. COMMITMENTS

	2012 \$'000	2011 \$'000
(a) Operating lease commitments:		
Non cancellable operating leases contracted for but not capitalised in the financial statements:		
- not later than 1 year	1,491	1,397
- later than 1 year but not later than 5 years	3,123	3,930
- later than 5 years	217	-
	4,831	5,327
(b) Sponsorship commitments:		
Minimum event and rider sponsorship commitments contracted for but not capitalised in the financial statements:		
- not later than 1 year	1,456	1,336
- later than 1 year but not later than 5 years	1,036	1,281
	2,492	2,617
(c) Remuneration commitments:		
Commitments in relation to employee service agreements are payable as follows:		
- not later than 1 year	638	605

NOTE 31. RELATED PARTY DISCLOSURES

- (a) Parent entity**
The ultimate parent entity of the consolidated group is Globe International Limited. For financial information relating to the parent, refer to Note 32.
- (b) Subsidiaries**
Interests in subsidiaries are set out in Note 33.
- (c) Key Management Personnel**
Disclosures relating to directors and key management personnel are set out in Note 27.
- (d) Transactions with related parties**
(excluding director related entities which are set out in Note 27)

The following transactions occurred with related parties:

	2012 \$	2011 \$
<i>Purchase of goods</i>		
Purchases of inventory from other related parties	17,043,779	17,736,719

NOTE 31. RELATED PARTY DISCLOSURES (CONT'D)

- (e) **Outstanding balances arising from transactions with related parties**
(excluding director related entities which are set out in Note 27)

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2012 \$	2011 \$
<i>Current payables (purchases of goods and services)</i>		
Other related parties	5,967,243	4,479,887

- (f) **Terms and conditions**

Purchases of inventory from other related parties are based on normal terms and conditions. Payables are due within 90 days from shipment date (2011: 90 days from shipment date).

NOTE 32. PARENT ENTITY FINANCIAL INFORMATION

- (a) **Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	2012 \$'000	2011 \$'000
Balance sheet		
Current assets	12,407	13,069
Total assets	84,563	86,318
Current liabilities	3,091	3,906
Total liabilities	3,685	4,504
<i>Shareholders equity</i>		
Issued capital	144,223	144,223
Treasury shares	(487)	(487)
Reserves	303	226
Profit reserve - 2012	1,060	-
Accumulated losses	(64,221)	(62,148)
Total Equity	80,878	81,814
Statement of comprehensive income		
Net profit / (loss) for the year	1,060	2,274
Total comprehensive income / (loss)	1,137	2,100

NOTES TO THE FINANCIAL STATEMENTS
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GLOBE INTERNATIONAL LIMITED

NOTE 32. PARENT ENTITY FINANCIAL INFORMATION (CONT'D)

(b) Guarantees entered into by the parent entity

The parent entity has not extended any guarantees on behalf of its subsidiaries, with the exception of the cross guarantee given by Globe International Limited to its 100% owned Australian subsidiaries, as described in Note 34 *Deed of Cross Guarantee*.

(c) Contingent liabilities and contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contingent liabilities or contractual commitments for the acquisition of property, plant or equipment as at 30 June 2012 or 30 June 2011.

NOTE 33. SUBSIDIARIES

The financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

NAME	COUNTRY	OWNERSHIP INTEREST	
		2012 %	2011 %
The Company Globe International Limited	Australia		
Entities under the control of Globe International Ltd Hardcore Enterprises Pty Ltd	Australia	100	100
Entities under the control of Hardcore Enterprises Pty Ltd* WINT Enterprises Pty Ltd*	Australia	100	100
KIDD Consolidated Pty Ltd*	Australia	100	100
Globe International Nominees Pty Ltd*	Australia	100	100
Globe International (NZ) Ltd	New Zealand	100	100
PSC Skateboarding Pty Ltd*	Australia	100	100
Globe Europe ApS	Denmark	100	100
Osata Enterprises, Inc.	United States	100	100
Entities under the control of PSC Skateboarding Pty Ltd CASE Enterprises Pty Ltd*	Australia	100	100
Entities under the control of Globe Europe ApS Globe Europe SAS	France	100	100
Entities under the control of Osata Enterprises, Inc. Diaxis LLC	United States	100	100
Chomp Inc (formerly Skateboard World Industries, Inc.)	United States	100	100
Dwindle, Inc.	United States	100	100
Entities under the control of Globe International Nominees Pty Ltd Globe International (Asia) Limited	Hong Kong	100	100

Globe Europe sucursal en Espana was liquidated during the year.

* Party to Deed of Cross Guarantee dated 29 June 2001 – relief from preparing financial statements obtained under ASIC Class Order 98/1418.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 34. DEED OF CROSS GUARANTEE

A deed of cross guarantee between Hardcore Enterprises Pty Ltd, WINT Enterprises Pty Ltd, Globe International Nominees Pty Ltd, CASE Enterprises Pty Ltd, KIDD Consolidated Pty Ltd, PSC Skateboarding Pty Ltd ("the subsidiaries") and Globe International Limited was entered into on 29 June 2001 and relief was obtained from preparing financial statements for the subsidiaries under ASIC Class Order 98/1418. Under the deed each entity guarantees to support the liabilities and obligations of the others. The income statement and balance sheet for the closed consolidated entity, which is also the extended closed consolidated entity, comprising Globe International Limited and the subsidiaries is as follows:

INCOME STATEMENT	2012 \$'000	2011 \$'000
Revenue from operations	25,551	25,625
Other income	313	486
Changes in inventories of finished goods and work in progress	(146)	1,248
Materials and consumables used	(10,514)	(10,721)
Employee benefits expense	(6,233)	(6,002)
Depreciation, amortisation and impairment expense	(616)	(714)
Selling, general and administrative expenses	(8,511)	(11,189)
Profit / (loss) before income tax	(156)	(1,267)
Income tax (expense) / benefit	(459)	286
Profit / (loss) from operations	(615)	(981)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GLOBE INTERNATIONAL LIMITED

NOTE 34. DEED OF CROSS GUARANTEE (CONT'D)

BALANCE SHEET	2012 \$'000	2011 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	4,748	4,730
Trade and other receivables	3,202	3,370
Inventories	4,596	4,743
Prepayments	294	228
Total current assets	12,840	13,071
Non current assets		
Trade and other receivables	10,400	12,959
Property, plant and equipment	1,262	1,369
Other financial assets	17,398	17,399
Intangible assets	16,811	16,959
Deferred tax assets	1,929	1,969
Total non current assets	47,800	50,655
Total assets	60,640	63,726
LIABILITIES		
Current liabilities		
Trade and other payables	2,546	3,179
Derivative financial instruments	29	138
Provisions	468	541
Total current liabilities	3,043	3,858
Non current liabilities		
Deferred tax liabilities	3,511	3,175
Provisions	474	414
Other	120	176
Total non current liabilities	4,105	3,765
Total liabilities	7,148	7,623
NET ASSETS	53,492	56,103
Equity		
Contributed equity	144,223	144,223
Treasury Shares	(487)	(487)
Reserves	303	226
Retained losses and accumulated profit reserves	(90,547)	(87,859)
Total equity	53,492	56,103

NOTE 35. EARNINGS PER SHARE

	NOTES	2012	2011
Basic EPS			
Earnings used in calculation of basic earnings per share (\$'000)		62	1,089
The weighted average number of shares on issue during the year used in calculation of basic earnings per share	21	41,463,818	41,463,818
Basic earnings per share (cents per share)		0.15	2.63
Diluted EPS			
Earnings used in calculation of diluted earnings per share (\$'000)		62	1,089
The weighted average number of shares on issue during the year used in calculation of diluted earnings per share	21	41,463,818	41,463,818
Diluted earnings per share (cents per share)		0.15	2.63

NOTE 36. POST BALANCE DATE EVENTS

There are no reportable post balance date events.

DIRECTORS' DECLARATION

GLOBE INTERNATIONAL LIMITED

In the directors' opinion:

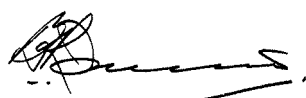
- (a) the financial statements and notes, as set out on pages 46 to 97, and remuneration disclosures on pages 37 to 42, are in accordance with the *Corporations Act 2001*, including;
 - (i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2012, and of their performance for the financial year ended on that date; 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; and
- (c) the audited remuneration disclosures set out on pages 37 to 42 of the Directors' Report comply with Accounting Standards AASB 124 *Related Parties* and the *Corporations Regulations 2001*; and
- (d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed consolidated entity identified in Note 34 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 34.

The directors draw attention to Note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial reporting period ending 30 June 2012.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated 21st August 2012



Paul Isherwood
Chairman





Independent auditor's report to the members of Globe International Limited

Report on the financial report

We have audited the accompanying financial report of Globe International Limited (the company), which comprises the balance sheet as at 30 June 2012, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Globe International Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Globe International Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 37 to 42 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Globe International Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

PricewaterhouseCoopers

A handwritten signature in dark ink that reads 'Lisa Harker' in a cursive, flowing script.

Lisa Harker
Partner

Melbourne
21 August 2012

STOCK EXCHANGE AND INVESTOR INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 29 AUGUST 2012

TOP 20 SHAREHOLDERS	NUMBER OF FULLY PAID ORDINARY SHARES	PERCENTAGE OF ISSUED SHARES
Peter John Hill	12,312,259	29.69%
Stephen David Hill	12,312,259	29.69%
Matthew Patrick Hill	3,495,965	8.43%
Poly Town Pty Limited	2,436,022	5.88%
Moggs Creek Pty Limited	960,000	2.32%
Paul Isherwood	800,000	1.93%
Bannaby Investments Pty Limited	515,000	1.24%
CPU Share Plans Pty Limited	510,000	1.23%
Lawncat Pty Limited	450,000	1.09%
Garachi Pty Limited	425,000	1.02%
Bow Lane Nominees Pty Limited	403,736	0.97%
Michael Filipovic	370,000	0.89%
Douglas Zappelli & Leslie Zappelli & Kaylin Zappelli	333,644	0.80%
Brides Pty Limited	300,000	0.72%
Norman O'Bryan	246,408	0.59%
Michael Sonand	243,979	0.59%
Pacific Securities Inc	150,000	0.36%
Chemical Trustee Limited	125,000	0.30%
Greig Steven Fraser	110,951	0.27%
Managed Developments Pty Limited	110,000	0.27%
Indo-Suez Investments Limited	100,000	0.24%
Craig Andrew Peters	100,000	0.24%
City & Westminster Limited	100,000	0.24%
TOTAL	36,910,223	89.02%
TOTAL ISSUED CAPITAL	41,463,818	100.00%
Substantial Shareholders		
Peter John Hill	12,312,259	29.69%
Stephen David Hill	12,312,259	29.69%
Matthew Patrick Hill	3,495,965	8.43%
Poly Town Pty Limited	2,436,022	5.88%
Distribution of Shareholdings	Number of Holders	Number of Shares
1-1000 shares	302	125,332
1001-5,000 shares	372	890,307
5001-10,000 shares	66	516,629
10,001-100,000 shares	110	3,321,327
100,001 - and over shares	20	36,610,223
TOTAL	870	41,463,818

The number of security holders holding less than a marketable parcel is 366 and they hold 203,564 securities

UNQUOTED EQUITY SECURITIES

The Company has no unquoted securities at the date of this report.

ANNUAL REPORT

The Company has elected to distribute its Annual Report online, by making it available on its website at: www.globecorporate.com. Hard copies of the Annual Report will only be sent to those shareholders who have elected to receive one.

YOU CAN DO SO MUCH MORE ONLINE

Did you know that you can access – and even update – information about your holdings in Globe International Limited via the internet?

You can access your information securely online via our share registry website: www.linkmarketservices.com.au using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

It's fast and it's easy. You can:

- Check your current and previous holding balances
- Choose your preferred annual report option
- Update your address details
- Update your bank details
- Confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- Enter your email address and update your communications preferences
- Subscribe to email announcements
- Check transaction and dividend history
- Check the share prices and graphs
- Download a variety of instruction forms.

Don't miss out on your dividends

Dividend cheques that are not banked are required to be handed over to the State Trustee under the Unclaimed Monies Act, so you are reminded to bank cheques immediately.

Better still, why not have us bank your dividend payments for you?

How would you like to have immediate access to your dividend payments? Your dividend payments can be credited directly into any nominated bank, building society or credit union account in Australia. Not only can we do your banking for you dividends paid by direct credit can reach your account as cleared funds, allowing you to access them on the payment date.

Contact Information

You can contact the Share Registry by phone, email, in person, or in writing:

Link Market Services Limited
GPO Box 1736
Melbourne VIC 3001

Telephone (within Australia): 1300 55 44 74
International: +61 3 9615 9999
Facsimile: +61 3 8614 2903
Email: registrars@linkmarketservices.com.au

Hand deliveries to:
Level 1, 333 Collins Street Melbourne VIC 3000



COMPANY PARTICULARS
AS AT 21 SEPTEMBER 2012

DIRECTORS

Paul Isherwood	Non-Executive Chairman
Stephen Hill	Executive Director and Founder
Peter Hill	Executive Director and Founder

SENIOR MANAGEMENT

Matt Hill	Chief Executive Officer
Jessica Moelands	Chief Financial Officer
Gary Valentine	Chief Operating Officer
Jon Moses	President Australasia
Matt Wong	President Global Product

PRINCIPAL REGISTERED OFFICE

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Fax: +61 3 8614 2903
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AUDITORS

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Freshwater Place
2 Southbank Boulevard
Southbank VIC 3006

WEBSITE

Corporate website: www.globecorporate.com

STOCK EXCHANGE LISTINGS

Globe International Ltd shares are listed on the
Australian Securities Exchange. Ticker: GLB



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