GLOBE INTERNATIONAL LIMITED

APPENDIX 4E
Preliminary Final Report
Lodged with the ASX under Listing Rule 4.3A
Results for Announcement to the Market

Consolidated Entity	2016 $'000	2015 $'000	Change $'000	%
Revenue from ordinary activities	150,822	137,674	13,148	9.6
Net Sales from ordinary activities	150,299	137,185	13,114	9.6
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	6,751	6,231	520	8.3
Net Profit after tax attributable to members (NPAT)	4,740	3,718	1,022	27.5

Parent Entity	2016 $'000	2015 $'000	Change $'000	%
Net profit/(Loss) after tax attributable to members (NPAT)	6,279	3,553	2,726	76.7

Dividends	Amount per security	Franked amount per security
Final dividend	3 cents	3 cents
Interim dividend	3 cents	3 cents

Record date for determining entitlements to the dividend	23 September 2016
Date of Company's 2016 AGM	26 October 2016

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	$0.80	$0.75

GLOBE INTERNATIONAL LIMITED

Full Financial Report

Year ended 30 June 2016

Contents

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 2016.

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:

Name, position and qualifications	Experience	Directors' interests in Ordinary Shares of GLB
Paul Isherwood AO FCA Independent Non-Executive Chairman	Paul Isherwood was appointed to the Board of Directors in March 2001 and elected Chairman in March 2003. Paul is an experienced company director with a strong finance and accounting background and extensive corporate governance experience across different industry sectors, mostly with listed companies. He has proven leadership skills from a career with Coopers & Lybrand that spanned 38 years. He held the position of National Chairman and Managing Partner of Coopers & Lybrand (Australia) from 1985 to 1994 and served on the International Board and Executive Committee of the firm from 1985 to 1994. Paul was also a Director of the Australand Property Group from December 2005 to November 2014.	1,000,000
Stephen Hill Executive Director	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.	12,525,606
Peter Hill Executive Director	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 with a particular emphasis on Asian sourcing and distribution where he is based. Peter is a former skateboarding champion and maintains an extensive interest in extreme action sports and motorsports.	12,436,009

COMPANY SECRETARY

Name and qualifications	Experience
Gerhard M. Correa CPA, CA	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).

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were the specialized production and distribution of purpose-built apparel, footwear and hardgoods for the board sports, street fashion and workwear markets globally.

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.

REVIEW OF OPERATIONS

The consolidated entity reported an improvement in its financial performance compared to the previous financial year, with both revenues and profitability continuing to grow, albeit at a slower rate than the high rates of the prior financial year amidst more difficult trading conditions, particularly in the Northern Hemisphere.

- Net Sales of $150.3 million grew 10% over the prior financial year (3% in constant currency).
- Earnings before interest, tax, depreciation and amortization (EBITDA) of $6.8 million were $0.5 million ahead of the previous financial year.
- Net Profit After Tax (NPAT) of $4.7 million for the full year was $1.0 million higher than the previous financial year.

Financial Performance

Reported Net Sales of $150.3 million for the consolidated entity were 10% higher than the previous financial year, despite a significant reduction in Northern Hemisphere hardgoods sales. The overall sales growth was driven by the Australasian Division, where revenues were 36% higher than the same time last year. The Australian Division in particular benefits from recent investments and diversification into new markets, with much of its sales growth coming from expansion into a more diverse apparel business. Both the North American and European Divisions were impacted by softer retail conditions, particularly for hardgoods, resulting in a reduction in local currency net sales in each region by 14% and 15% respectively.

Profitability for the year was adversely impacted by the stronger US Dollar which resulted in significant reductions in gross margins in both the Australasian and European Divisions. Despite this, the reported EBITDA of $6.8m was $0.5m ahead of the same time last year. The increase in EBITDA was driven by sales growth and restructuring in North America.

Net Profit After Tax (NPAT) of $4.7 million for the full year was $1.0 million ahead of the previous financial year. The increase is driven by higher EBITDA as well as a lower effective tax rate due to an increase in the utilization of tax losses in Australia.

Financial Position

At 30 June 2016, the consolidated entity reported net cash reserves of $4.1 million, compared to $10.3 million at the same time last year. The reduction in net cash reserves during the financial year was largely due to $2.9 million of dividends paid and $3.4 million of cash used in operations. This cash used in operations was to fund a $6.7 million increase in working capital. The increase in working capital is reflective of an underlying shift in the business during the financial year, with the sales mix trending towards higher proportions of apparel, which has higher working capital needs relative to the hardgoods business. The underlying ageing profile of accounts receivable and inventory remains sound. Inventory was tightly managed in the second half which resulted in a reduction of aged stock on hand at 30 June 2016 compared to the same time last year.

DIVIDENDS

Dividends relating to the financial year ended 30 June 2016

During the year the Company paid a fully franked interim dividend of 3 cents per share. This dividend amounting to $1.244 million was paid to shareholders on 14 April 2016.

Since the end of the financial year the directors have determined that a fully franked final dividend of 3 cents per share will be payable on 14 October 2016.

In total, divdends of 6 cents per share will be paid to shareholders in respect of the financial year ended 30 June 2016, compared to 7 cents paid in relation to the year ended 30 June 2015.

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 Other transactions with directors and key management personnel
F 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).

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.

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

REMUNERATION REPORT (AUDITED) (continued)

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

Fixed compensation

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

The only retirement allowances for the non-executive directors are superannuation payments to a nominated contribution scheme, which are made in accordance with statutory obligations in Australia. The director may also elect to have a further portion of his remuneration into his personal superannuation plans.

Executive directors

Fixed compensation

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. For the preceding 9 continuous years, the founding directors who were full time executive directors had elected not to receive any remuneration for their services. During the 2016 financial year, effective 1 September 2015, the annual base pay of each of the executive directors was increased to reflect their on-going contribution towards the development and enhancement of the Company's brands, which ultimately drives the growth in revenue and profits.

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 in line with market remuneration for similar positions in the industry and in line with the remuneration paid to KMP's with similar levels of responsibilities. Furthermore, there are no guaranteed base pay increases included in the executive directors' employment contract and no entitlements to participate in the Company's short or long term incentive plans.

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.

REMUNERATION REPORT (AUDITED) (continued)

Short term incentives ("STI")
The STI is a plan that involves linking specific targets, both quantitative and qualitative, with the opportunity to earn incentives in addition to fixed compensation. The amount of STI available each year is established at the discretion of the Board, with Executives' STI's capped at 75% of their base pay, and the CEO's STI capped at 100% of his base pay. A combination of 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 have historically been settled in cash. However, during the 2015 financial year a Short Term Incentive Equity Plan (STIEP) was approved by the Board. The purpose of the STIEP is to provide the Company with an alternative settlement option for short term incentive obligations, which will continue to motivate key management personnel ("KMPs"). Under the STIEP, KMP's will be allocated shares in lieu of cash. Shares to be allocated under the STIEP may be existing unallocated shares currently held on trust under the terms of the Globe International Long Term Incentive Plan Trust (Globe LTIP Trust) or alternatively shares purchased on market. As at the date of this report, there have been no shares allocated under the STIEP.

Short term incentives have been awarded and recognised in the year of measurement in both the current and prior period. All of the payments relating to both the 2015 and 2016 years were substantially less than the maximum possible incentive payment. It is expected that the 2016 short term incentives will be settled in cash.

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. There are currently no performance rights outstanding under the existing LTIP.

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 and President of North America
- Jessica Moelands – Chief Financial Officer
- Matthew Wong – President Global Product
- Jon Moses – President Australasia

DIRECTORS OF GLOBE INTERNATIONAL LIMITED

Name	2016			2015		
	Cash Remuner-ation $	Super-annuation $	Total $	Cash Remuner-ation $	Super-annuation $	Total $
Non-executive directors						
Paul Isherwood	115,000	10,925	125,925	115,000	10,925	125,925
Sub-total	115,000	10,925	125,925	115,000	10,925	125,925
Executive Directors						
Peter Hill	383,141	9,500	392,641	256,667	18,783	275,450
Stephen Hill	373,333	19,308	392,641	256,667	18,783	275,450
Sub-total	756,474	28,808	785,282	513,334	37,566	550,900
Total Directors' Remuneration	871,474	39,733	911,207	628,334	48,491	676,825

REMUNERATION REPORT (AUDITED) (continued)

KEY MANAGEMENT PERSONNEL (KMP)

2016	Short Term benefits				
Name	Cash Salary $	Other $	Short Term Incentives (3) $	Super-annuation $	Total $
Matthew Hill (1)	1,157,904	27,684	-	-	1,185,588
Gary Valentine (1)	536,903	10,488	34,483	-	581,874
Jessica Moelands (2)	122,949	-	50,000	10,805	183,754
Matthew Wong	300,000	-	50,000	19,308	369,308
Jon Moses	300,000	-	150,000	19,308	469,308

(1) US based executive. (2) Cash salary represents payments for part of the year only, as the executive was on unpaid maternity leave during the year.
(3) These incentives were accrued in 2016, but will be paid during the 2017 financial year.

2015	Short Term benefits				
Name	Cash Salary $	Other $	Short Term Incentives (2) $	Super-annuation $	Total $
Matthew Hill (1)	784,153	28,297	180,723	-	993,173
Gary Valentine (1)	471,474	9,161	72,289	-	552,924
Jessica Moelands	272,083	-	100,000	18,783	390,866
Matthew Wong	275,000	-	100,000	18,783	393,783
Jon Moses	265,000	-	100,000	18,783	383,783

(1) US based executive (2) These incentives were accrued in 2015, but paid during the 2016 financial year. All incentives were settled in cash.

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 which are as follows:

- 5 year term, commencing from 1 July 2015 and expiring on 30 June 2020
- base pay commencing 1 July 2015 of US$840,000 to be reviewed annually
- twelve months' notice of termination by the Company or six months' notice of termination by the CEO.
- termination payment is capped at the maximum limit allowed under part 2D.2 of the *Corporations Act 2001*.

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.

REMUNERATION REPORT (AUDITED) (continued)

E. Other transactions with directors and KMP's

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	Balance at the beginning of the 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	1,000,000	-	-	1,000,000
Peter Hill	12,436,009	-	-	12,436,009
Stephen Hill	12,525,606	-	-	12,525,606
Key management personnel of the consolidated entity – Ordinary Shares				
Matthew Hill	3,495,965	-	-	3,495,965
Jessica Moelands	1,000	-	-	1,000
Matthew Wong	117,500	-	-	117,500

Related party transactions with directors and key management personnel

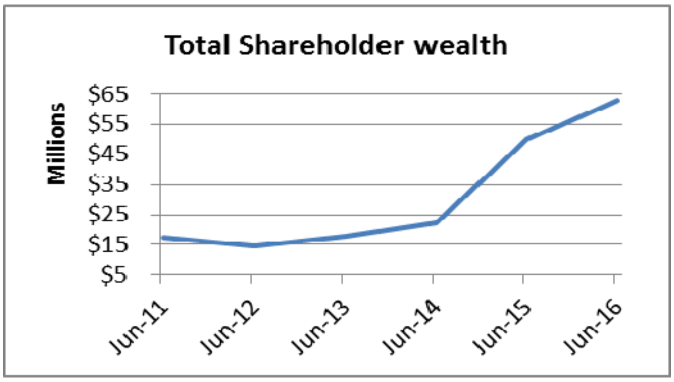
From time to time the consolidated entity may engage in transactions with directors, key management personnel and their related entities where the transaction presents a commercial opportunity for the consolidated entity. Such transactions occur on the condition that they are based on arms- length, or 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 arm's 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 throughout the financial period, and were involved with the following related party transaction, which was conducted under arms-length terms and conditions.

- Peter and Stephen Hill are directors of LHCF Nominees Pty Ltd ("LHCF"). The consolidated entity leases a commercial property from LHCF and during the current year paid rent to LHCF of $760,938 (2015: $682,894). Rent is paid one month in advance, and is due and payable on the first of every month.

F. Additional Information

Over the past five financial years as a whole, there has been an increase in shareholder wealth of $38.4 million based on an increase in the Company's share price from $0.42 at 30 June 2011 to $1.34 at 30 June 2016. Additionally, as a contribution to shareholder wealth, the Company has returned $7.3 million to shareholders during this period, by way of fully-franked dividends paid in the financial years 2012 (5 cents per share), 2013 (2.5 cents per share), 2015 (3 cents interim dividend) and 2016 (4 cents final & 3 cents interim dividends). This increase in shareholder wealth is set out in the graph below:



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, $53,411 (2015: $105,316) from the consolidated entity for non-audit services rendered during the financial year, predominantly in relation to taxation compliance and advice.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

ROUNDING OF AMOUNTS

Amounts in the Directors' Report have been rounded off in accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 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 pursuant to section 298(2) of the *Corporations Act 2001*.

Melbourne
Dated this 23rd August 2016

....
Paul Isherwood
Chairman

Auditor's Independence Declaration

As lead auditor for the audit of Globe International Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. 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.

Alison Tait
Partner
PricewaterhouseCoopers

Melbourne
23 August 2016

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

GLOBE INTERNATIONAL LIMITED

Financial Report

Year ended 30 June 2016

Contents

This financial report includes the consolidated financial statements of the consolidated entity consisting of Globe International Limited and its subsidiaries. Unless otherwise noted, all financial information relates to the consolidated group.

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 23 August 2016. The Company has the power to amend and re-issue these financial statements.

GLOBE INTERNATIONAL LIMITED
Income Statement
For the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Revenue from operations	4	150,822	137,674
Other income		-	87
Changes in inventories of finished goods and work in progress		(2,305)	11,216
Inventories purchased		(81,678)	(85,407)
Employee benefits expense		(21,206)	(20,184)
Depreciation and amortisation expense	5	(614)	(698)
Finance costs	5	(284)	(130)
Selling and administrative expenses		(38,843)	(37,141)
Profit before related income tax expense		5,892	5,417
Income tax benefit/(expense)	7(a)	(1,152)	(1,699)
Profit attributable to members of Globe International Limited	23	4,740	3,718

Earnings per share attributable to members of the Company (EPS):

	Notes	2016	2015
Basic EPS (cents per share)	34	11.4	8.97
Diluted EPS (cents per share)	34	11.4	8.97

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

	Notes	2016 $'000	2015 $'000
Profit / (loss) for the year		4,740	3,718
Other comprehensive income / (expense):	(a)		
Changes in fair value of cash flow hedges		(876)	608
Exchange differences on translation of foreign operations		618	2,439
Income tax relating to components of other comprehensive income		155	(673)
Other comprehensive income/(expense) for the year, net of tax		(103)	2,374
Total comprehensive income for the year attributable to the members of Globe International Limited		4,637	6,092

(a) Items included in the statement of comprehensive income may be reclassified to the profit and loss in future.

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

GLOBE INTERNATIONAL LIMITED
Balance sheet
As at 30 June 2016

ASSETS	Notes	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	8	9,017	10,296
Trade and other receivables	9	17,378	14,266
Inventories	10	28,244	30,591
Prepayments		640	1,018
Derivative financial instruments	11	-	381
Current tax assets	15	882	7
Total current assets		56,161	56,559
Non current assets			
Property, plant and equipment	12	1,118	1,388
Other assets	13	1,851	1,789
Deferred tax assets	15	3,771	3,949
Total non current assets		6,740	7,126
Total assets		62,901	63,685
LIABILITIES			
Current liabilities			
Trade and other payables	16	22,014	28,965
Borrowings	25	4,945	-
Derivative financial instruments	11	495	-
Current tax liability	17	14	957
Provisions	18	1,330	1,290
Total current liabilities		28,798	31,212
Non-current liabilities			
Deferred tax liabilities	17	593	602
Provisions	18	459	517
Other	19	39	77
Total non-current liabilities		1,091	1,196
Total liabilities		29,889	32,408
NET ASSETS		33,012	31,277
Equity			
Contributed equity	20	144,223	144,223
Treasury Shares	21	(487)	(487)
Reserves	22	(6,927)	(6,824)
Retained profits/(losses)	23	(103,797)	(105,635)
TOTAL EQUITY		33,012	31,277

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

GLOBE INTERNATIONAL LIMITED
Statement of changes in equity
For the year ended 30 June 2016

	Contributed equity $'000	Treasury Shares $'000	Share based payment reserve $'000	Cash-flow hedge reserve $'000	Foreign Currency Transl'n reserve $'000	Retained profits / (losses) $'000	Total Equity $'000
Balance at 1 July 2014	144,223	(487)	323	(160)	(9,361)	(108,109)	26,429
Profit / (Loss) for the 2015 financial year	-	-	-	-	-	3,718	3,718
Other comprehensive income / (expense)	-	-	-	420	1,954	-	2,374
Total comprehensive income / (expense) for the year	-	-	-	420	1,954	3,718	6,092
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(1,244)	(1,244)
Balance at 30 June 2015 / 1 July 2015	144,223	(487)	323	260	(7,407)	(105,635)	31,277
Profit / (Loss) for the year	-	-	-	-	-	4,740	4,740
Other comprehensive income / (expense)	-	-	-	(609)	506	-	(103)
Total comprehensive income / (expense) for the year	-	-	-	(609)	506	4,740	4,637
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(2,902)	(2,902)
Balance at 30 June 2016	144,223	(487)	323	(349)	(6,901)	(103,797)	33,012

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

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		154,778	143,076
Payments to suppliers and employees (inclusive of goods and services tax)		(155,577)	(138,892)
Interest received	4	39	15
Interest and other costs of finance paid	5	(284)	(130)
Income taxes received / (paid)		(2,320)	(1,021)
Net cash provided by / (used in) operating activities	6	(3,364)	3,048
Cash flows from investing activities			
Payments for property, plant and equipment	12	(320)	(658)
Net cash provided by / (used in) investing activities		(320)	(658)
Cash flows from financing activities			
Proceeds from/(repayment of) borrowings		4,944	(1,472)
Payment of dividend		(2,902)	(1,244)
Net cash provided by / (used in) financing activities		2,042	(2,716)
Net increase/ (decrease) in cash and cash equivalents		(1,642)	(326)
Cash and cash equivalents at beginning of the financial year		10,296	9,605
Effect of exchange rates on cash holdings in foreign currencies		363	1,017
Cash and cash equivalents at the end of the financial year	8	9,017	10,296

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

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 and Interpretations issued by the Australian Accounting Standards Board 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 adopted all relevant applicable standards that were effective for the financial year ended 30 June 2016. The adoption of these standards has not had a material impact to the financial position, performance or cash flows of the consolidated entity.

(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 2016 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 entities over which the consolidated entity has control. The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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.

The acquisition method of accounting is used to account for business combinations by the consolidated entity (refer Note 1(l)).

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

(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 the acquisition value is 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax (continued)

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.

(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 are 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 delivered 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 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 loss are reviewed for possible reversal of the impairment at each reporting date.

(l) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. Consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred; liabilities incurred; equity instruments issued; the fair value of any contingent asset or liability; and the fair value of any pre-existing equity instruments in the subsidiary. Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill. If the consideration is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit and loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is 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.

(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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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" 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". Other investments are presented as other assets.

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 an investment, a financial asset or group of financial assets is impaired. In the case of investments, a significant or prolonged decline in the future benefit to be recovered from the asset is considered as an indicator that the asset is impaired. Impairment losses on investments and receivables are recognised directly in the income statement.

(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, overestimated useful lives as follows:

Class of Asset	Useful Life	Class of Asset	Useful Life
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 an asset may 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 11. Movements in the hedging reserve in shareholders' equity are shown in Note 22. The credit risk and foreign exchange risk exposures associated with these instruments is discussed in Note 2.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Derivatives (continued)

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, if any, 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 provided 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 – 90 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.

(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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Australian 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 unconditional forward rates at the reporting date on AAA+AA rated corporate bonds 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 5 to 9 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, where there is a past practice that has created a constructive obligation, or where the amount of the STI payable has been determined prior to the end of the financial year.

Share based payments

Share based compensation benefits are provided to employees via the Executive Long Term Incentive Plan ('LTIP'). Information relating to this plan is included in the Remuneration Report which is set out on pages 5 to 9 of the Directors' report.

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.

(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 (continued)

(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 Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 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 less impairment losses.

(ii) Accumulated profits reserves

Annual profits are held in separate accumulated profits reserves, rather than being off-set against retained earnings. Dividends are paid out of the accumulated profits reserves.

(iii) 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(af) New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The consolidated entity considers the following standards may have a material impact on its financial statements, but has not yet assessed the financial impacts of their application:

(i) *AASB 9 Financial Instruments (2014)* - effective for reporting periods on or after 1 January 2018

(ii) *AASB 16 Leases* - effective for reporting periods on or after 1 January 2019

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 are details of significant management estimates and assumptions.

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

(i) 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 15 *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.

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	2016 $'000	2015 $'000
Financial assets			
Cash and cash equivalents	8	9,017	10,296
Trade and other receivables	9	17,378	14,266
Derivative financial instruments	11	-	381
Other assets	13	1,851	1,789
Total financial assets		28,246	26,732
Financial liabilities			
Trade and other payables	16	22,014	28,965
Borrowings	25	4,945	-
Derivative financial instruments	11	495	-
Total financial liabilities		27,454	28,965

(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, and in certain jurisdictions accounts receivable balances are insured by third parties. 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 assets include a non-controlling investment in a production facility.

Note 25 (a) contains quantitative details of the consolidated entity's exposure to credit risk.

NOTE 2. FINANCIAL RISK MANAGEMENT (continued)

(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 USD denominated inventory purchases over a seven month period, where USD is not the functional currency of the subsidiary. 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 25 (b)(i) contains quantitative details and sensitivity analysis of the consolidated entity's exposure to foreign exchange risk.

(ii) Interest rate risk
The consolidated entity's main interest rate risk during the financial year resulted from movements in interest rates on advances under receivables financing facilities in Australia and North America, as discussed in Note 25(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 25 (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, should the need arise.

Note 25 (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 8 *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. Ultimately, there are many ways that the business is broken down for internal reporting, depending on the user and the purpose of the report. From a product perspective, information may be reported by brand (Globe, Almost, Stussy etc), by product category (footwear, apparel, hardgoods) or by market (action sports, streetwear or workwear). None of these bases for reporting is more predominantly used than the other. The only consistent break-down of the business from a management reporting perspective is by region. Accordingly, management has determined that there are three operating segments based on the geographical location of each of the regional offices. Each regional office is headed by a 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 and consistently.

Segment revenues, expenses and results within each region are based on the location of the divisional office that generated the sale or expense, rather than the location of the end customer or underlying activity.

Segment revenues and expenses 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 Deprecation and Amortisation (EBITDA), with the exception of Corporate expenses which do not relate to any single segment and are treated as unallocated.

(b) Reportable Segment Information

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

2016	Notes	Australasia $'000	North America $'000	Europe $'000	Unallocated $'000	Total $'000
Segment Revenue						
Total Segment Revenue	(c)(i)	67,884	49,328	33,632	-	150,844
Internal Segment revenue		-	(61)	-	-	(61)
External Segment Revenue		67,884	49,267	33,632	-	150,783
Segment Profit / (Loss)						
Segment EBITDA	(c)(ii)	9,082	(1,494)	4,229	(5,066)	6,751
Depreciation and amortisation	5	(371)	(177)	(66)	-	(614)
Interest revenue	4	39	-	-	-	39
Finance costs	5	(203)	(81)	-	-	(284)
Other material non-cash items						
Impairment of receivables	5	(86)	25	240	-	179
Impairment of inventories	5	(186)	5	72	-	(109)
Segment Assets and Liabilities						
Reportable segment assets	(c)(iii)	34,160	18,782	13,117	-	66,059
Reportable segment liabilities	(c)(iv)	16,188	14,938	5,967	-	37,093
Acquisition of non-current assets		94	172	54	-	320

NOTE 3. SEGMENT REPORT (continued)

(b) Reportable Segment Information (continued)

2015	Notes	Australasia $'000	North America $'000	Europe $'000	Unallocated $'000	Total $'000
Segment Revenue*						
Total Segment Revenue	(c)(i)	50,201	49,948	37,636	-	137,785
Internal Segment revenue		-	(126)	-	-	(126)
External Segment Revenue		50,201	49,822	37,636	-	137,659
Segment Profit / (Loss)						
Segment EBITDA	(c)(ii)	5,651	(1,673)	6,966	(4,714)	6,230
Depreciation and amortisation	5	(422)	(215)	(61)	-	(698)
Interest revenue	4	13	-	2	-	15
Finance costs	5	(55)	(75)	-	-	(130)
Other material non-cash items						
Impairment of receivables*	5	(77)	924	(588)	-	259
Impairment of inventories	5	(135)	(20)	(160)	-	(315)

		Australasia	North America	Europe	Total
Segment Assets and Liabilities					
Reportable segment assets	(c)(iii)	26,581	23,087	15,856	65,524
Reportable segment liabilities	(c)(iv)	8,925	19,561	8,158	36,644
Acquisition of non-current assets		310	203	145	658

* 2015 revenue allocation and impairment of receivables have been restated.

(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	2016 $'000	2015 $'000
Total segment revenue		150,844	137,785
Elimination of inter-segment revenue		(61)	(126)
Interest revenue		39	15
Total revenue	4	150,822	137,674

NOTE 3. SEGMENT REPORT (continued)

(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 product design, development and sourcing are incurred centrally. To determine segment profitability, these costs are allocated one third to each segment for management reporting purposes. All other costs are predominantly allocated to regions based on the location of the spend.

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

	Notes	2016 $'000	2015 $'000
Total segment EBITDA		11,817	10,944
Unallocated Corporate expenses		(5,066)	(4,714)
EBITDA		6,751	6,230
Depreciation and amortisation	5	(614)	(698)
Interest revenue	4	39	15
Finance costs	5	(284)	(130)
		(859)	(813)
Profit / (Loss) before tax		5,892	5,417

(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. Current and deferred tax assets are not considered to be segment assets. Reportable segment assets are reconciled to total assets as follows:

	Notes	2016 $'000	2015 $'000
Total segment assets		66,059	65,524
Elimination of inter-segment loans		(7,811)	(5,795)
Current and deferred tax assets	15	4,653	3,956
Total assets		62,901	63,685

(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	2016 $'000	2015 $'000
Total segment liabilities		37,093	36,644
Elimination of inter-segment loans		(7,811)	(5,795)
Current and deferred tax liabilities	17	607	1,559
Total liabilities		29,889	32,408

NOTE 3. SEGMENT REPORT (continued)

(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.

	External Segment Revenues		External Non-Current Assets	
	2016 $000	2015 $000	2016 $000	2015 $000
Australia	61,838	45,525	400	677
United States	21,614	24,237	2,351	2,277
Other foreign countries	67,331	67,897	218	223
Unallocated deferred taxes	-	-	3,771	3,949
Total	150,783	137,659	6,740	7,126

NOTE 4. REVENUE

	2016 $'000	2015 $'000
Sale of goods	150,299	137,185
Royalty income	484	474
Interest revenue	39	15
	150,822	137,674

NOTE 5. EXPENSES

	2016 $'000	2015 $'000
Profit from ordinary activities of the continuing operations, before income tax, includes the following specific expenses:		
Cost of sales	83,983	74,191
Bad and doubtful debts	(179)	(259)
Write down of inventory to net realisable value	109	315
Borrowing costs		
Interest & finance charges paid	284	130
Operating lease expenses		
Rent for premises	2,270	2,077
Depreciation		
Leasehold improvements	300	436
Plant & equipment	80	80
Office equipment, furniture and fittings	220	162
Motor Vehicles	14	20
Total Depreciation	614	698

NOTE 6. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2016 $'000	2015 $'000
(a) Reconciliation of net cash provided by operating activities to profit from ordinary activities after income tax			
Operating profit after taxation		4,740	3,718
Depreciation and amortisation	5	614	698
Net exchange gains / (losses) on net assets		(550)	933
Changes in operating asset and liabilities as reported:			
(Increase)/Decrease in trade receivables		(3,235)	(29)
(Increase)/Decrease in other receivables and prepayments		882	(896)
(Increase)/Decrease in inventories		2,346	(10,903)
Increase/(Decrease) in other payables/provisions/accruals		(6,511)	8,889
Increase/(Decrease) in net taxes payable		(1,650)	638
Net cash provided by/(used in) operating activities		(3,364)	3,048

NOTE 7. INCOME TAX EXPENSE

	2016 $'000	2015 $'000
(a) Income tax expense recognised in the income statement		
Prior year under / (over) provision	7	6
Current tax *(net of tax losses not recognised)*	829	2,229
Deferred tax relating to temporary differences	317	(536)
Total income tax expense / (benefit)	1,152	1,699

The deferred income tax (benefit) / expense included in income tax expense relates to the reversal of temporary differences, and includes any provision against the recoverability of deferred tax assets relating to temporary differences.

	2016 $'000	2015 $'000
(b) Numerical reconciliation between tax expense and pre-tax profit		
Profit / (loss) from continuing operations before income tax	5,892	5,417
Income tax expense / (benefit) calculated at 30%	1,768	1,625
Increase / (decrease) in tax due to:		
Prior year under / (over) provision	7	6
Net impact of unrecognised tax losses and temporary differences generated / (recouped)	(756)	(280)
Non allowable / (assessable) amounts	58	47
Expiry of foreign income tax credits	-	158
Differences in tax on overseas income	75	143
Income tax expense / (benefit)	1,152	1,699
(c) Deferred tax recognised directly in other comprehensive income		
Cash flow hedge reserve	266	(486)
Foreign currency translation reserve	(112)	(188)
Deferred tax expense / (benefit)	155	(674)
(d) Franking Account		
Franking account balance at 30% tax rate	2,692	3,936

NOTE 8. CASH AND CASH EQUIVALENTS

	Note	2016 $'000	2015 $'000
Cash at bank	(a)	9,017	10,296

(a) *Reconciliation of cash and 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 25 *Financial Instruments.*

NOTE 9. TRADE AND OTHER RECEIVABLES

	Notes	2016 $'000	2015 $'000
Current			
Trade receivables		16,825	14,224
Less: Provision for doubtful receivables		(1,327)	(1,961)
		15,498	12,263
Other receivables	(c)	1,070	1,346
Restricted cash on deposit	25	410	424
Trade deposits		400	233
	25	17,378	14,266

(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 25 *Financial Instruments.*

(c) Other receivables

This amount includes $0.8million (2015: $1.2million) relating to amounts recoverable under trade receivables factoring arrangements – refer to Note 25 for further information. Other amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Collateral is not normally obtained.

NOTE 10. INVENTORIES

	2016 $'000	2015 $'000
Inventories at cost		
Raw materials	322	290
Work in progress	1	10
Finished goods	28,942	31,271
Total inventories at cost	29,265	31,571
Provision for inventory write-downs	(1,021)	(980)
	28,244	30,591

NOTE 11. DERIVATIVE FINANCIAL INSTRUMENTS

	2016 $'000	2015 $'000
Forward exchange contracts – cash flow hedge asset / (liability)	(495)	381

(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 25 *Financial Instruments.*

NOTE 12. 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 GROUP
Carrying value at 1 July 2014	693	32	140	470	1,335
Additions	373	-	81	204	658
Depreciation	(436)	(20)	(80)	(162)	(698)
Foreign currency translation gain / (loss) on fixed assets of overseas subsidiaries	37	3	7	46	93
	(26)	(17)	8	88	53
Cost as at 30 June 2015	*4,841*	*156*	*1,023*	*4,039*	*10,059*
Accumulated depreciation at 30 June 2015	*(4,174)*	*(141)*	*(875)*	*(3,481)*	*(8,671)*
Carrying value at 30 June 2015	667	15	148	558	1,388
Additions	165	46	6	103	320
Depreciation	(300)	(14)	(80)	(220)	(614)
Foreign currency translation gain / (loss) on fixed assets of overseas subsidiaries	(19)	4	2	37	24
	(154)	36	(72)	(80)	(270)
Cost as at 30 June 2016	5,043	*210*	*958*	*4,253*	*10,464*
Accumulated depreciation at 30 June 2016	*(4,530)*	*(159)*	*(882)*	*(3,775)*	*(9,346)*
Carrying value at 30 June 2016	513	51	76	478	1,118

NOTE 13. OTHER ASSETS

	2016 $'000	2015 $'000
Investment in production facility	1,851	1,789

The consolidated entity holds a non-controlling interest in a production facility in China. This interest is non-controlling as the consolidated entity does not have power over the investee, is not exposed to variable returns and there is no joint arrangement between the shareholders. While the consolidated entity does have significant influence, it is not entitled to any share of profit or other changes in the net assets of the investee. The investment is therefore carried at cost.

NOTE 14. INTANGIBLE ASSETS

	Goodwill $'000	Trademarks $'000	Other intangible assets $'000	Total $'000
At 30 June 2015 and 30 June 2016				
Cost	65,345	35,114	437	100,896
Accumulated amortisation and impairment	(65,345)	(35,114)	(437)	(100,896)
Net book amount	-	-	-	-

(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

The consolidated entity has recgonised the cost of various brands over the years as intangible assets. The recoverable amount of those brands were determined based on fair value less costs to sell (FVLCTS), in accordance with AASB 136. In applying the FVLCTS approach, the recoverable amount of the brand was assessed using the "relief from royalty" market based valuation technique. The carrying value of all such brands has been written down to zero through a combination of amortisation and impairment expense. In accordance with the accounting policy in Note 1(k), trademarks that have suffered an impairment loss are reviewed for possible reversal of the impairment at each reporting date.

Other intangible assets

Other intangible assets include key-moneys paid to secure retail tenancies in France. The payment is made to the exiting tenant, rather than the landlord, and there is evidence to suggest that there is an active, generally appreciating, market for payment to secure retail tenancies. The asset is measured at cost, less impairments and amortisation over the life of the lease.

NOTE 15. TAX ASSETS

	Notes	2016 $'000	2015 $'000
Current tax assets	(i)	882	7
Deferred tax assets attributable to temporary differences	(ii)	3,771	3,949
Deferred tax assets attributable to tax losses	(iii)	-	-
Total deferred tax assets		3,771	3,949
Total tax assets		4,653	3,956

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

(ii) *Deferred taxes attributable to temporary differences*

This balance comprises of temporary differences attributable to:

	2016 $'000	2015 $'000
Amounts recognised in profit and loss:		
Trade and other receivables	401	652
Inventories	515	495
Property, plant and equipment	994	921
Intangible assets	375	884
Employee benefits (provisions and payables)	675	817
Accruals	59	37
Other	486	383
	3,505	4,189
Amounts recognised directly in equity:		
Foreign currency translation reserve	96	148
Cash flow hedge reserve	170	-
Total temporary differences (before provisions)	3,771	4,337
Less: provisions for temporary differences	-	(388)
Total temporary differences	3,771	3,949

(iii) *Deferred taxes attributable to tax losses*

The consolidated entity has $10.4 million (2015: $10.8 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 $3.8 million (2015: $3.8 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 16. TRADE AND OTHER PAYABLES

	2016 $'000	2015 $'000
Current payables		
Trade creditors	15,971	21,573
Other creditors and accruals	6,043	7,392
	22,014	28,965

NOTE 17. TAX LIABILITIES

	Notes	2016 $'000	2015 $'000
Current			
Current tax liability		14	957
Non-Current			
Deferred tax liability	(i)	593	602
		607	1,559

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

	2016	2015
Amounts recognised directly in profit and loss:		
Trade and other receivables	21	-
Amounts recognised directly in equity:		
Foreign currency translation reserve	548	482
Cash flow hedge reserve	24	120
Total temporary differences	593	602

NOTE 18. PROVISIONS

	Notes	2016 $'000	2015 $'000
Current			
Employee entitlements	(a)	1,330	1,290
Non-Current			
Employee entitlements	(a)	459	517

(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 2016:

Expected increase in wages and salaries	3% - 4%	(2015: 3% - 4%)
Expected wages and salary on-costs	7% - 16%	(2015: 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 16).

NOTE 19. OTHER LIABILITIES

	2016 $'000	2015 $'000
Accruals related to lease incentives and fixed rent escalation clauses	39	77

NOTE 20. CONTRIBUTED EQUITY

	Notes	2016 $'000	2015 $'000
Paid-up Capital:			
41,463,818 (2015: 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 minimise its use of borrowings. The consolidated entity uses receivables factoring facilities 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 21. TREASURY SHARES

	Notes	2016 $'000	2015 $'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 5 to 9 of the Directors' Report. The total number of shares held as at the end of the financial year was 510,000 (2015: 510,000).

NOTE 22. RESERVES

	Notes	2016 $'000	2015 $'000
Foreign currency translation reserve	(a)	(6,901)	(7,407)
Hedging reserve – cash flow hedge	(b)	(349)	260
Share based payments reserve	(c)	323	323
		(6,927)	(6,824)

(a) Foreign currency translation reserve

	2016	2015
Balance at 1 July	(7,407)	(9,361)
Currency translation differences arising during the year, net of tax	506	1,954
Balance at 30 June	(6,901)	(7,407)

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.

NOTE 22. RESERVES (continued)

		2016 $'000	2015 $'000
(b)	*Hedging reserve – cash flow hedges*		
	Balance at 1 July	260	(160)
	Revaluation – gross	(495)	380
	Deferred tax	146	(120)
	Transfer to inventory	(260)	160
	Balance at 30 June	(349)	260

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-based 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 all awards with market-based vesting conditions have expired.

NOTE 23. RETAINED PROFITS / (LOSSES)

	2016 $'000	2015 $'000
Balance at 1 July	(105,635)	(108,109)
Net profit / (loss) for the year attributable to the members of the Company	4,740	3,718
Dividends paid	(2,902)	(1,244)
Retained profits / (losses) at the reporting date	(103,797)	(105,635)

NOTE 24. DIVIDENDS

Final dividend paid in respect of 2015 financial year
In respect of the financial year ended 30 June 2015, a fully franked final dividend of 4 cents per share ($1.658 million) was paid on 15 October 2015 (2014: nil).

Interim dividend paid in respect of 2016 financial year
During the year the Company paid a fully franked interim dividend of 3 cents per share. This dividend amounting to $1.244 million was paid to shareholders on 14 April 2016 (2015 interim dividend: $1.244 million)

Final dividend in respect of 2016 financial year
In respect of the financial year ended 30 June 2016, since the end of the financial year the directors have determined that a fully franked final dividend of 3 cents per share ($1.244 million) will be payable on 14 October 2016.

NOTE 25. 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	2016 $'000	2015 $'000
Trade receivables (net of provision)	1	15,325	12,263
Other receivables	2	1,243	1,346
Restricted cash on deposit		410	424
Trade deposits		400	233
Total trade and other receivables		17,378	14,266
Derivative financial instruments		-	381
Other assets	3	1,851	1,789
Cash and cash equivalents	4	9,017	10,296
		28,246	26,732

(1) Trade receivables

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

	2016 $'000	2015 $'000
Australasia	8,596	5,541
North America	3,848	3,217
Europe	2,881	3,505
	15,325	12,263

The ageing of the consolidated entity's trade receivables considered past due as at the reporting date was:

	2016 $'000	2015 $'000
Past due 0-30 days	2,874	3,209
Past due 31-60 days	1,993	1,426
Past due 61-90 days	547	555
Past due 90+ days	1,553	1,825
Total receivables past due	6,967	7,015
Impairment allowances	(1,327)	(1,402)
Total receivables past due but not impaired	5,640	5,613

Management currently recognises an impairment provision at rates ranging from 0.5% to 100% against outstanding receivables based on the ageing of those receivables. In addition, management exercises judgement to determine if there are any further adjustments required to the value of the provision so calculated. The impairment allowance above is disclosed against debts in the 90+ day category, as it is not possible to apply the provision against each specific ageing category due to the way in which the provision is calculated. Management considers that the remainder of the trade receivables, despite being past-due, relate to customers that have a good credit history and accordingly based on historical default rates management believe no impairment is required.

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

	2016 $'000	2015 $'000
Balance at 1 July	1,961	2,587
Impairment loss / (write-backs) recognised during the year	267	(263)
Receivables written off against impairment allowance	(948)	(710)
Foreign currency (gain) / loss on translation of overseas entities impairment allowance	47	347
Balance at 30 June	1,327	1,961

NOTE 25. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

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. Hence, no allowance has been made for any amounts that may be recoverable on the repossession of the goods.

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 assets
Other assets comprise an investment in another entity at cost. Refer to Note 13 for further information.

(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:

	2016			2015		
	USD 000's	Euro 000's	GBP 000's	USD 000's	Euro 000's	GBP 000's
Trade receivables and other receivables	-	145	248	-	98	236
Trade payables	604	-	-	1,792	-	-
Forward exchange contracts to buy foreign currency	18,040	-	-	16,066	-	-
	18,644	145	248	17,858	98	236

FX Risk Sensitivity analysis:

	2016				2015			
-10% / + 10%	AUD vs USD	EUR vs USD	USD vs GBP	EUR Vs GBP	AUD vs USD	EUR vs USD	USD Vs GBP	EUR vs GBP
	$'000	$'000	$'000	$'00	$'000	$'000	$'000	$'000
Impact on profit after tax (1)	5/(7)	(13)/13	(6)/7	(20)/25	131/(160)	(30)/26	(9)/11	(19)/24
Impact on equity (2)	(1,768)/2,161	(431)/527	-	-	(1,127)/1,378	(534)/652	-	-

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

NOTE 25. FINANCIAL INSTRUMENTS (continued)

(b) Market Risk (continued)

(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
2016					
Financial assets:					
Cash and cash equivalents		-	-	9,017	9,017
Trade and other receivables		-	-	17,378	17,378
Other assets		-	-	1,851	1,851
		-	-	28,246	28,246
Financial liabilities					
Trade and other payables		-	-	22,014	22,014
Borrowings	5.7	4,945	-	-	4,945
		4,945	-	22,014	26,959
2015					
Financial assets:					
Cash and cash equivalents		-	-	10,296	10,296
Trade and other receivables		-	-	14,266	14,266
Other assets		-	-	1,789	1,789
		-	-	26,351	26,351
Financial liabilities					
Trade and other payables		-	-	28,965	28,965
		-	-	28,965	28,965

(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
2016		
Trade and other payables	22,014	22,014
Borrowings	4,945	4,945
Forward exchange contracts used for hedging:		
Inflow (Gross)	(24,409)	(24,409)
Outflow (Gross)	24,904	24,904
	22,509	22,509
2015		
Trade and other payables	28,965	28,965
Forward exchange contracts used for hedging:		
Inflow (Gross)	(20,968)	(20,968)
Outflow (Gross)	20,587	20,587
	28,584	28,584

NOTE 25. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk (continued)

(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	2016 $'000	2015 $'000
Secured receivables financing facilities			
- amount used (non-recourse North American facility)		2,956	2,502
- amount used (full-recourse Australian facility)	*	3,469	-
- amount unused		1,622	3,568
	(1)	8,047	6,070
Secured inventory financing facilities			
- amount used		-	-
- amount unused		1,479	1,750
	(2)	1,479	1,750
Secured multi-option facilities			
-amount used	*	1,476	-
-amount unused		1,517	1,742
	(3)	2,993	1,742
TOTAL FINANCING FACILITIES			
-amount used		7,901	2,502
-amount unused		4,618	7,060
		12,519	9,562
Bank guarantee facilities			
-amount used		549	497
-amount unused		13	79
	(4)	562	576
* Total value of borrowings outstanding under Australian facilities		4,945	-

(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 9 *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 85% 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.

NOTE 25. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk (continued)

(1) Secured receivables financing facilities (continued)

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 $10 million (2015: $5 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) Secured inventory financing facilities

The consolidated entity's North American subsidiaries have an arrangement to finance a portion of their inventories to the factor mentioned in (1) above, under an ongoing arrangement that is cancellable by either party with 60 days' notice. This arrangement is an extension of the asset-based financing facilities provided by the factor under the factoring agreement specified in (1) above.

Maximum advances under the inventory financing agreement are 50% of eligible inventory approved by the factor at the end of each month, subject to a maximum limit of US$2.0 million. Obligations due to the factor under the inventory financing agreement are collateralised by a continuing security interest in the tangible assets of the North American subsidiaries as specified in (1) above. There are no financial covenants associated with this agreement.

(3) Secured multi-option facilities

The parent entity has a trade-finance facility secured against the assets of the parent entity and its Australian subsidiaries, as part of the security agreement outlined in (1) above. The maximum facility balance is $1.5 million (2015: $0.5 million) and there are no financial covenants on the facility.

The consolidated entity's European subsidiary has an overdraft facility secured against the inventory of the subsidiary subject to a maximum limit of €1.0 million (2015: €0.75 million). There are no financial covenants associated with this agreement.

(4) 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 9 *Trade and Other Receivables*), as well as a secondary charge over certain assets of the consolidated group.

NOTE 26. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

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

Chairman – non executive director
Paul Isherwood

Executive directors
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
Gary Valentine	Chief Operating Officer and President - North America	Osata Enterprises Inc.
Matthew Wong	President - Global Product	Globe International Limited
Jon Moses	President - Australasia	Globe International Limited

Key management personnel compensation	2016 $	2015 $
Short-term employee benefits	3,611,885	3,286,514
Post-employment benefits	89,154	104,842
	3,701,039	3,391,356

NOTE 27. AUDITORS' REMUNERATION

	2016 $	2015 $
(a) Audit services		
PricewaterhouseCoopers Australia:		
Audit and review of financial reports	246,488	254,800
Overseas PricewaterhouseCoopers firms:		
Audit and review of financial reports	39,394	41,874
	285,882	296,674
(b) Non-audit services		
PricewaterhouseCoopers Australia:		
Taxation services	30,424	88,550
Overseas PricewaterhouseCoopers firms and other related parties:		
Taxation services	22,987	16,766
	53,411	105,316
(c) Non-PricewaterhouseCoopers audit firms		
Audit and review of financial reports	6,672	6,033
	6,672	6,033
Total auditors' remuneration	345,965	408,023

NOTE 28. CONTINGENCIES

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

NOTE 29. COMMITMENTS

	2016 $'000	2015 $'000
Operating lease commitments:		
Non cancellable operating leases contracted for but not capitalised in the financial statements:		
- not later than 1 year	2,880	2,157
- later than 1 year but not later than 5 years	9,643	9,579
- later than 5 years	4,893	6,203
	17,416	17,939

Operating lease commitments relate to offices, warehouses and retail stores leased by the economic entity.

NOTE 30. 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 31.

(c) Key Management Personnel

Disclosures relating to directors and key management personnel are set out in Note 26.

(c) Transactions with related parties

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 arm's length basis. For property leases, such evidence includes independent professional advice with regards to the appropriate valuation of the leased property. The following transactions occurred with related parties:

	2016 $	2015 $
Commercial property lease		
Payments for office and warehouse rent made to a director related entity	760,938	682,894
Purchase of goods		
Purchases of inventory from other related party (see Note 13)	22,164,289	31,186,004

(e) Outstanding balances arising from transactions with related parties

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

	2016 $	2015 $
Current payables (purchases of goods and services)		
Other related party (see Note 13)	5,783,976	11,251,326

(f) Terms and conditions

Payments for the purchase of inventory from the other related party are due within 90 days from shipment date.

Rent is paid to the director related entity one month in advance, and is due and payable on the first of every month.

NOTE 31. 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	
		2016 %	2015 %
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
Osata Enterprises, Inc.	United States	100	100
Globe Europe SAS***	France	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
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

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

** This entity was dissolved on 13 October 2015.

***On the dissolution of Globe Europe ApS, the ownership of Globe Europe SAS was transferred to Hard Core Enterprises Pty Ltd.

NOTE 32. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	2016 $'000	2015 $'000
Balance sheet		
Current assets	24,949	19,411
Total assets	57,169	47,170
Current liabilities	15,529	8,229
Total liabilities	16,039	8,882
Shareholders equity		
Issued capital	144,223	144,223
Treasury shares	(487)	(487)
Reserves	(73)	462
Profit reserves	5,910	2,534
Accumulated losses	(108,443)	(108,443)
Total Equity	41,130	38,289
Statement of comprehensive income		
Net profit / (loss) for the year before tax	8,249	5,085
Net profit / (loss) for the year after tax	6,279	3,553

(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 33 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 2016 or 30 June 2015.

NOTE 33. 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	2016 $'000	2015 $'000
Revenue from operations	64,760	49,034
Other income	1,046	1,344
Changes in inventories of finished goods and work in progress	2,282	3,736
Materials and consumables used	(37,604)	(28,740)
Employee benefits expense	(8,779)	(8,613)
Depreciation, amortisation and impairment expense	(372)	(423)
Impairment of intangible assets	-	(631)
Finance costs	(204)	(55)
Selling, general and administrative expenses	(17,191)	(13,723)
Profit /(Loss) before income tax	3,938	1,929
Income tax (expense) / benefit	(289)	(568)
Profit/ (Loss) from operations	3,649	1,361

NOTE 33. DEED OF CROSS GUARANTEE (continued)

BALANCE SHEET

	2016	2015
ASSETS	$'000	$'000
Current assets		
Cash and cash equivalents	1,580	1,061
Trade and other receivables	8,198	5,413
Inventories	14,730	12,447
Derivatives	-	199
Prepayments	450	300
Total current assets	24,958	19,420
Non current assets		
Trade and other receivables	9,095	7,050
Property, plant and equipment	400	677
Other assets	16,768	16,768
Deferred tax assets	1,319	1,189
Total non current assets	27,582	25,684
Total assets	52,540	45,104
LIABILITIES		
Current liabilities		
Trade and other payables	9,350	7,625
Borrowings – receivables financing facility	4,945	-
Derivative financial instruments	565	-
Provisions	620	555
Total current liabilities	15,480	8,180
Non current liabilities		
Deferred tax liabilities	560	541
Provisions	459	517
Other	39	77
Total non current liabilities	1,058	1,135
Total liabilities	16,538	9,315
NET ASSETS	36,002	35,789
Equity		
Contributed equity	144,223	144,223
Treasury Shares	(487)	(487)
Reserves	(72)	462
Retained losses and accumulated profit reserves	(107,662)	(108,409)
Total equity	36,002	35,789

NOTE 34. EARNINGS PER SHARE

	Notes	2016	2015
Basic EPS			
Earnings used in calculation of basic earnings per share ($'000)		4,740	3,718
The weighted average number of shares on issue during the year used in calculation of basic earnings per share	20	41,463,818	41,463,818
Basic earnings per share (cents per share)		11.43	8.97
Diluted EPS			
Earnings used in calculation of diluted earnings per share ($'000)		4,740	3,718
The weighted average number of shares on issue during the year used in calculation of diluted earnings per share	20	41,463,818	41,463,818
Diluted earnings per share (cents per share)		11.43	8.97

NOTE 35. POST BALANCE DATE EVENTS

There are no reportable post balance date events.

In the directors' opinion:

(a) the financial statements and notes, as set out on pages 12 to 50, and remuneration disclosures on pages 5 to 9, are in accordance with the *Corporations Act 2001*, including;

   (a) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2016, 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) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed consolidated entity identified in Note 33 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 33.

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 2016.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(5) of the *Corporations Act 2001.*

Dated 23rd August 2016

....
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 2016, 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 Globe International Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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. Those 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 consolidated 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.

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

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 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(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 5 to 9 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Alison Tait

Alison Tait
Partner

Melbourne
23 August 2016

THIS PAGE IS INTENTIONALLY LEFT BLANK