



GLOBE INTERNATIONAL LIMITED

ANNUAL GENERAL MEETING

WEDNESDAY 26 OCTOBER 2011

ADDRESS BY THE CHAIRMAN, PAUL ISHERWOOD AO

My fellow directors, CEO Matt Hill and senior management trust that shareholders will be able to use today's visit, to gain a more tangible feel for our brands and products.

Last year Matt and I spoke to you about the extensive restructuring and repositioning of the Globe business that had taken place over the past few years, and in 2010 and 2011, both difficult years, we saw the fruits of that labour.

In the 2010 year difficult global trading conditions prevailed and these continued throughout the 2011 financial year, but despite this Globe was again profitable and most important, finished the year with no interest bearing debt and with solid cash reserves.

Furthermore, we again declared a 5 cents per share fully franked dividend which was paid to shareholders on September 30, 2011.

With regard to outlook we advise that trading conditions continue to be challenging and unpredictable. To quote from a recently published Australian Bank Survey; "Business conditions deteriorated last quarter and are wallowing at levels last seen during the Global Financial Crisis".

In fact the Survey's measure of business conditions fell to the lowest mark since mid-2009. Continued volatility in world financial markets and significant movements in the value of the Australian dollar make reported earnings in Aussie dollars hard to forecast.

Nonetheless we expect to see the 2012 year revenues to broadly equate with the year just ended and for the Company to remain profitable and debt free.

I would like to thank my fellow directors Stephen and Peter Hill; our CEO Matt Hill and the entire Globe team of dedicated and enthusiastic employees for successfully navigating Globe through another extremely difficult year.

This, in a sector under pressure as we are ultimately reliant on retail spending, which as we all know has in most international markets, either declined or at best has shown minimal growth over the past 12 months.

We will continue to manage the Company conservatively particularly given the difficulties in Europe and North America which are telegraphed to us on a daily basis.

I would now like to welcome Matt Hill, our CEO who will address the meeting.

ADDRESS BY THE CEO, MATT HILL

Thanks Paul and welcome everyone to our Annual General Meeting here at our Globe Melbourne Headquarters.

Following on from our turnaround in performance in 2010, the 2011 year saw Globe continue with solid, stable performance against a backdrop of difficult markets and economic conditions. Increased cost of goods from our manufacturers put downward pressure on margins and the appreciating Australian dollar had the effect of reducing reported profits and revenues. Also, the general condition of our major markets was poor, making it difficult to find growth or improve margins by passing on cost of goods increases to our customers.

However, despite these adverse conditions, we managed to maintain our financial progress of the past few years and made further headway in building a stronger and better company for staff and shareholders. By way of example, in 2011:

- We remained profitable
- We remained debt free
- We grew revenues in local currency terms, in particular in the USA and the EU which had in recent years seen revenue declines.
- We maintained revenues in Australia through newly launched branded programs, successfully designed to mitigate significant market condition deterioration in that region.
- We continued to maintain a tight, nimble cost and operational base.
- And most importantly for shareholders we continued to issue dividends with our 5 cent per share issued last month.

Given the tough economic times, these financial outcomes are pleasing. However, as a branded company, the achievement of which I am probably most proud is that amidst the backdrop of such difficult operating conditions we have managed to move the branded aspects of our business forward. With fewer resources, our staff teams around the world have actually improved the product design and development, brand positioning and marketing of our major brands. I truly believe the brands and product categories, for which we have a strategic focus, have never looked better. While the current economic environment makes it difficult to show this in hard financial data it is clear to see in stores, when one reviews our product ranges alongside our competitors.

Nowhere is this more visible than in the Globe brand. A few years ago we completely revamped the management structure and teams for our Globe product design, creative marketing and sales. In 2011 we saw the evidence of the benefits of these changes with some of the best product and marketing ever from Globe resulting in solid sales growth globally for the brand. Globe footwear design and sales improved dramatically, especially in the all important North American market place. In addition, Globe apparel - a long term strategy for Globe brand growth, is now a meaningful percentage of the brand sales in the EU and Australia. The stand out performer for the year was Globe skateboards. This is a consequence of merging our skateboard manufacturing know how and resources, with the wide marketing and sales appeal of the Globe brand into a broad lifestyle distribution channel.

In addition to the positive achievements of the Globe brand, other branded highlights for the past year included the further development of Enjoi apparel and the widening distribution of some of our older, less core brands. 2011 also marked our return to the streetwear apparel market in Australia with the launch of 4Front Distribution. This new division already has good traction having picked up exclusive Australian distribution rights to well established international brands such as WeSC and Obey clothing and Neff headwear.

With regard to outlook, we do not expect conditions to improve in the markets in which we operate in the coming year. In fact, in some areas we see the possibility of downturn in the operating environment. As such we do not expect our financial performance in 2012 to be materially different from the prior year.

While we expect that conditions in all our major markets will present obstacles to growth in our business for the foreseeable future, we have to look to improving branded performance for the long term viability and growth for the business. Our ability to buck the downward trends of the macro market will come from superior branded programs. When things are tough, our customers still spend money, but they are much more discerning on how they will make those purchases. As a branded company we have the ability to affect that decision by striving to put the best designed, marketed and priced product in any category in front of our customers. If we make the best product we should be able to grow in any market. In certain areas of our business we saw such branded excellence have a positive impact in 2011 and will continue to push for the same outcome in 2012 and beyond.

Given global economic outlooks, it is likely our staff will have to endure another fairly challenging year. I'd like to, as always thank them and the company directors for their ongoing support and work in all aspects of the business. There are no free kicks out there at the moment and it is a street fight for every dollar of sales in our market. However, the changes we have made to our financial base in recent years and the revamp of our key brands, places us in good stead for the long term. We have strong financial disciplines and controls and we have well developed operational bases and distribution networks around the world. Most importantly we have great staff driving multiple brands with core credibility, heritage and appeal to mainstream wider distribution channels, with extensive growth potential.

The job for us now is to maintain our financial controls and ensure financial stability. We need to do this, all the while investing cautiously in our brands to generate long term growth while providing solid financial returns for shareholders.