



# COMPANY ANNOUNCEMENT

## GLOBE INTERNATIONAL LIMITED RESULTS FOR THE YEAR ENDED 30 JUNE 2012

**MELBOURNE, 21 August 2012:** Globe International Limited (GLB) today announced net profit after tax (NPAT) of \$0.1 million for the year ended 30 June 2012, compared to \$1.1m generated in the previous financial year.

Reported net sales for the year of \$82.3 million were 6% below the previous year, mainly due to the strengthening of the Australian Dollar. In constant currency terms, net sales for the group were approximately flat on the previous year, despite the continued challenges in global economies and retail sectors. Both the Australian and the European divisions achieved growth in the year, while sales in North America were below the prior year, in single digit percentage terms, after a period of solid growth in the 2011 financial year.

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

Globe International Limited Chief Executive Officer, Matt Hill, said "We are making good progress on the majority of our longer term identified growth initiatives, even though this financial year delivered only modest profits. Through ongoing investments in product, distribution and brand diversification we have been able to generate growth in certain categories to off-set the stagnation in other areas of the business. In particular, Globe lifestyle skateboards and Globe apparel have performed well, as has Enjoi apparel and the recently launched 4Front clothing division in Australia."

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

"Given difficult market conditions around the world, and specific challenges our industry faces, we are pleased that our company remains stable and debt free and that we are able to continue to invest in our brands and growth programs despite modest expectations for financial performance in the next twelve months", said Mr Hill.

### Dividends

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

In respect of the 5 cent fully-franked dividend paid on 30 September 2011, the Australian Tax Office issued a Tax Ruling (TR 2012/5) in June 2012, which removed the uncertainty around whether or not that dividend was appropriately franked.