GLOBE INTERNATIONAL LTD
ANNUAL REPORT 2013
ABN 65007066033

GLOBE
UNITED BY FATE
EST. AUSTRALIA 1994
WWW.GLOBECORPORATE.COM

GLOBE INTERNATIONAL

FOUNDED IN 1984 BY AUSTRALIA'S HILL BROTHERS, GLOBE INTERNATIONAL LIMITED IS A GLOBAL COMPANY ENGAGED IN THE DESIGN, MARKETING AND DISTRIBUTION OF APPAREL, FOOTWEAR AND SKATE HARDGOODS BRANDS FOR THE ACTION SPORTS, STREET FASHION AND WORK WEAR MARKETS. GLOBE INTERNATIONAL PRODUCTS ARE SOLD IN JUST UNDER 100 COUNTRIES AROUND THE WORLD AND HAS OFFICES, DISTRIBUTION AND MANUFACTURING CENTRES IN MELBOURNE AND GOLD COAST AUSTRALIA, LOS ANGELES, LONDON, HOSSEGOR AND LYON FRANCE, LONDON, AND SHENZHNEN CHINA.

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

GLOBE INTERNATIONAL ALSO MAINTAINS DIVERSE LICENSING AND DISTRIBUTION BUSINESSES OF LEADING THIRD PARTY OWNED BRANDS FOR THE AUSTRALIAN AND NEW ZEALAND MARKET OPERATING UNDER ITS HARDCORE DISTRIBUTION AND 4 FRONT DIVISIONS. CURRENTLY HARDCORE DISTRIBUTES OVER THIRTY BRANDS INCLUDING GIRL, LAKAI, CHOCOLATE, FLIP, SKATEMENTAL AND THRASHER. WHILE 4FRONT LICENSES AND DISTRIBUTES STUSSY, VISION STREETWEAR, OBEY AND NEFF.

GLOBE

UNITED BY FATE
EST. MELBOURNE - AUSTRALIA 1984


THRASHER

SURF TEAM

DION AGIUS
FOOTWEAR RIDERS:
NATE TYLER
TAJ BURROW
BRENDON GIBBENS
CJ HOBGOOD
DAMIEN HOBGOOD
YADIN NICOL
MARK OCCHILUPO
CREED McTAGGART

#STRANGERUMBLINGS
COMING SOON

SKATE TEAM

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

SNOW TEAM

ROMAIN DE MARCHI
DAVID CARRIER PORCHERON
JP SOLBERG


GLOBE


GLOBE

GLOBE INTERNATIONAL LIMITED
ANNUAL REPORT 2013

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

Globe International Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is 1 Fennell Street, Port Melbourne, Victoria 3207. The financial statements are presented in Australian currency and were authorised for issue by the directors on 26 August 2013. The company has the power to amend and re issue these financial statements.








GLOBE & GALLAZ BRANDS

GLOBE BRAND

IN 1994 THE GLOBE BRAND WAS CREATED. AFTER 10 YEARS OF DESIGN, PRODUCTION AND DISTRIBUTION WITH HARDCORE IT WAS TIME TO CREATE A GLOBAL BRAND, FIRST WITH SHOES FOR SKATERS AND SURFERS, AND THEN WITH APPAREL AND HARDGOODS FOR THE BROADER BOARDSPORTS MARKET.

FAST FORWARD TO TODAY AND THE SAME CREW OF SKATERS, SURFERS AND SNOWBOARDERS THAT STARTED THE BUSINESS BACK IN THE 80’S HAS GROWN TO A GLOBAL NETWORK OF COUNTER CULTURE ARTISANS THAT ARE UNITED BY BOARD SPORTS, STREET CULTURE, MEDIA, DESIGN AND FILM.

GALLAZ BRAND

GALLAZ WAS FOUNDED IN 2000 AS THE FIRST EVER LINE OF SKATE AND SURF SHOES DESIGNED JUST FOR GIRLS. THOUGH GIRLS HAVE BEEN SKATEBOARDING AS LONG AS GUYS, THE LATE 90S SAW A HUGE RESURGENCE IN THEIR INTEREST. GLOBE INTERNATIONAL RESPONDED TO THIS NEW MOVEMENT BY CREATING A UNIQUE SHOE “LAST”(THE FOOT SHAPED MOULD THAT A SHOE IS BUILT AROUND) SPECIALLY FITTED TO A GIRL’S FOOT. BUOYED BY IT’S IMMEDIATE SUCCESS GALLAZ QUICKLY EXPANDED TO BECOME A FASHION FORWARD LIFESTYLE SHOE COMPANY.

GLOBE

gal
laz


LEWIS MARNELL
1982–2013
REST IN PEACE


DAEWON SONG
DAEWON
Almost
IMPACT
PLUS

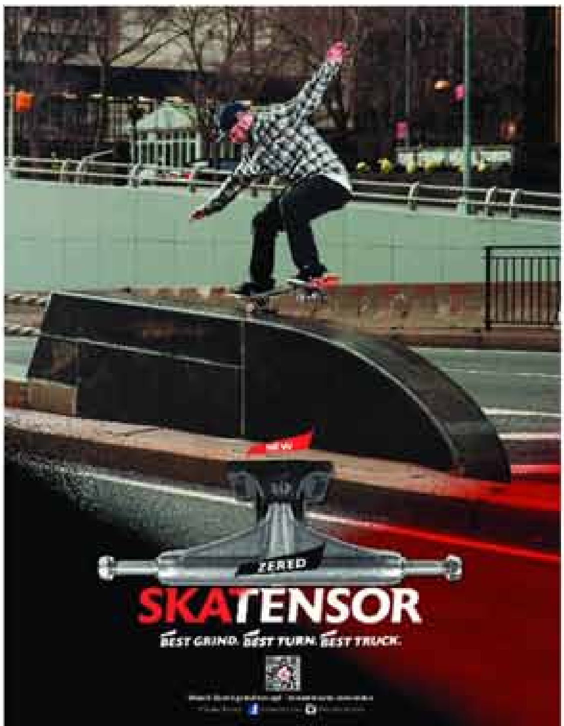

BON
VOYAGE
New Video
DVD AVAILABLE
NOW


DARKSTAR
FORWARD SLASH VIDEO
iTunes


POP STRONGER LO
IMPACT
PLUS
Almost
enjoi

DWINDLE DISTRIBUTION

DWINDLE DISTRIBUTION IS THE WORLD'S LARGEST PREMIUM SKATEBOARD MANUFACTURER AND DISTRIBUTOR. COMPRISED OF MULTIPLE BRANDS INCLUDING ENJOI, DUSTERS, ALMOST, BLIND, CLICHE, DARKSTAR, SPEED DEMONS AND TENSOR TRUCKS DWINDLE USES A MULTI-BRAND APPROACH TO ACHIEVE ITS MISSION AS A SKATEBOARD AND APPAREL COMPANY, SERVING THE DYNAMIC WORLDWIDE SKATEBOARD MARKETPLACE IN VARIOUS DISTRIBUTION TIERS. THE STABLE OF DWINDLE BRANDS ARE ENTIRELY UNIQUE AND DISTINCT, EACH WITH THEIR OWN NICHE, IDENTITY, CREATIVE DIRECTION AND DISTRIBUTION CHANNEL.




PRETTY
SWEET
OUT NOW!


FL!P
GEOFF ROWLEY
FL!P
ARTO SAARI
FL!P
LUAN OLIVEIRA
FL!P
DAVID GONZALEZ
FL!P


FOURSTAR
TRUJILLO | FOURSTAR CELEBRATES 15 YEARS

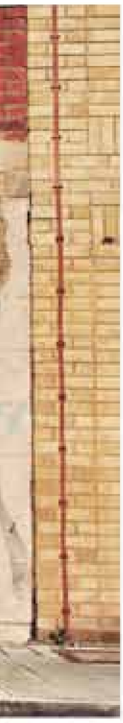

OBEY
PROPAGANDA CO


Stüssy
PEACE and PROSPERITY

DISTRIBUTED BRANDS

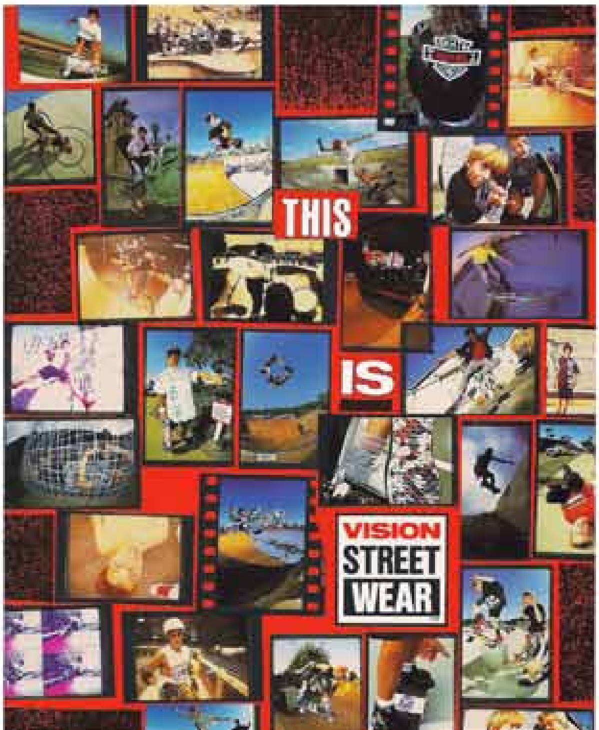
HARDCORE DISTRIBUTION

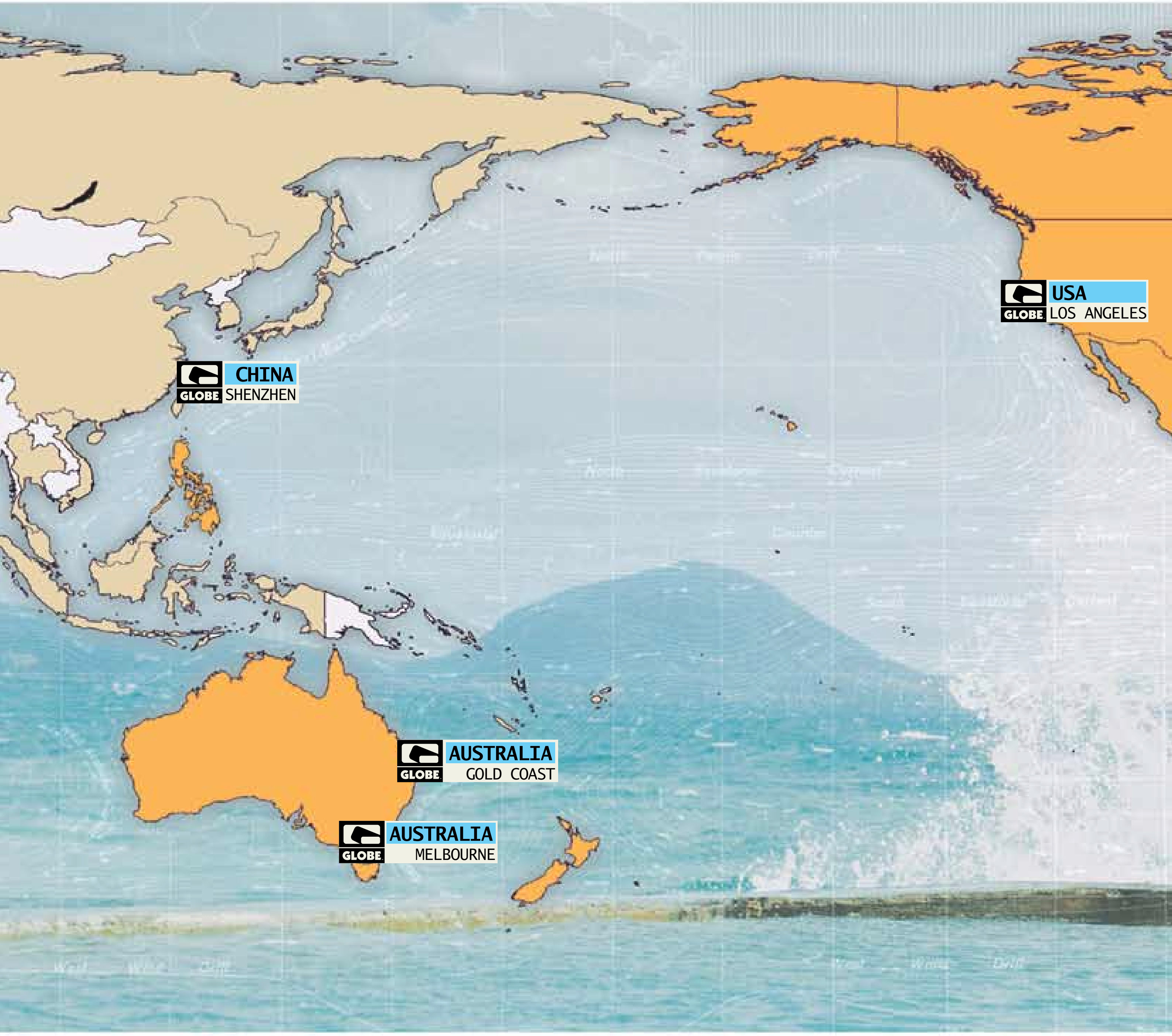
GLOBE INTERNATIONAL LIMITED'S HARDCORE DISTRIBUTION IS AUSTRALASIA'S LARGEST DISTRIBUTOR OF LEADING BRAND SKATEBOARD PRODUCTS, BOTH OWNED AND THIRD PARTY INTERNATIONAL BRANDS. LAUNCHED IN 1984, HARDCORE DISTRIBUTION IS THE FOUNDATION COMPANY OF GLOBE INTERNATIONAL. HARDCORE HAS AN UNBROKEN HERITAGE OF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



4 FRONT

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





GLOBE INTERNATIONAL MAINTAINS MAJOR SALES, MARKETING, DESIGN AND DISTRIBUTION OFFICES IN KEY INDUSTRY LOCATIONS AROUND THE WORLD INCLUDING LOS ANGELES, MELBOURNE, GOLD COAST, LONDON, HOSSEGOR AND LYON. IN ADDITION IT HAS MANUFACTURING FACILITIES IN CHINA. GLOBE SELLS ITS PRODUCTS DIRECT TO RETAILERS IN OVER 20 COUNTRIES, AND ELSEWHERE VIA THIRD PARTY DISTRIBUTORS. IN TOTAL, GLOBE INTERNATIONAL PRODUCTS CAN BE FOUND IN JUST UNDER 100 COUNTRIES WORLDWIDE. GLOBE ALSO MAINTAINS A LIMITED NUMBER OF FLAGSHIP BRANDED RETAIL STORES IN KEY INFLUENTIAL MARKETS AROUND THE WORLD.

OFFICES

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

DIRECT MARKET

USA, AUSTRALIA, FRANCE, CANADA, GERMANY, NEW ZEALAND, UNITED KINGDOM, SPAIN, AUSTRIA, BELGIUM, COSTA RICA, PORTUGAL, NETHERLANDS, DENMARK, DOMTOM, IRELAND, MEXICO, LUXEMBOURG, EGYPT, ANDORRE, HONDURAS, PHILIPPINES.

DISTRIBUTION

Dear Shareholders,

The 2013 financial year was a mixed bag for Globe International. Disappointingly the company posted a loss for the year, predominately as a consequence of a series of one off, non-recurring costs. However, consistent with past years' articulated strategies, many of these costs were proactive brand investments and restructure costs to provide a more relevant and diverse branded platform for the company moving forward. On an additional positive note, thanks to some of these branded investments, in the 2013 financial year, the company returned to growing revenues despite very tough retail markets around the world.

Group sales of $83.8 million were 2% up over the previous year. All major business units delivered revenue growth in the financial year with the exception of the Dwindle Distribution core skateboard division in the USA. EBITDA loss of $4.7 million was largely due to one off costs related to delayed shipments, restructure costs, new brand costs and increased doubtful debt provisions. When excluding the one off costs the company delivered a close to break even EBITDA while committing to significant new programs for future growth.

Past investments that resulted in growth through the year included Globe branded skateboards, hardgoods, socks and apparel, as well as Australian distributed 4Front brands such as Obey clothing. Regionally the Australian and European divisions posted solid growth, while in North America, the Globe division also registered significant growth for the brand in that important market. Furthermore Asian distribution sales and marketing focus resulted in high level sales growth for key Asian territories during the year.

We remained committed to our restructure of recent years and brand diversity strategies. Despite tough conditions we pushed forward with the necessary actions to reposition the company and change the brand mix. Many of these initiatives showed real progress and promise in the financial year:

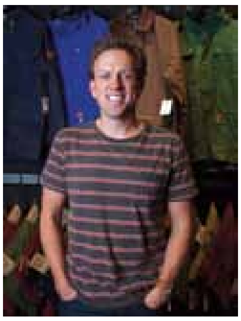
- Globe apparel was placed with success in the USA in a premium account base and has experienced solid sell through.
- The Dusters lifestyle skateboard brand saw significant growth and market penetration in the year.
- New workwear brand FXD was extremely well received in Australia upon launch and is set to be a solid growth story for the company in the coming years.
- The company acquired long term licenses for the Stussy clothing and Vision Streetwear brands for Australia and New Zealand following the conclusion of a non-compete hold back from operating streetwear brands.

The company remains financially stable and has a good platform for not just future growth but also to remain relevant to the ever changing youth market and the need to be working in multiple distribution channels. As we enter the 2014 financial year Globe International has a repositioned brand portfolio working across boardsports, streetwear, fashion and workwear markets. New brands and broadened distribution outlets with a nimble wholesale cost base and operations, positions the company well to find growth and remain robust in tough market conditions.

I would like to thank the staff and our Board of Directors for their ongoing commitment to our strategies and hard work to see our plans through. In 2013 we saw these efforts start to show positive signs with new initiatives starting to take hold. It is very much my hope that in 2014, staff, management, the Board and shareholders alike will see these efforts translate to tangible financial performance improvement and increased shareholder value.

Matt Hill

Matt Hill
Chief Executive Officer



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

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

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Board functions

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

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

A summary of the Board's responsibilities include:

- Providing oversight and strategic direction for the Company.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors.
- Appointing and assessing the performance of the Board.
- Selecting, appointing and reviewing the performance of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and senior management.
- Considering, approving and monitoring risk management strategies and policies.
- Ensuring the Company meets its social and ethical responsibilities.
- Performing the functions otherwise performed by an Audit and Risk Committee, Nomination Committee and Remuneration Committee.

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

1.2 Senior Executive Functions

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

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

1.3 Process for evaluating Senior Executive performance

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

2. STRUCTURE THE BOARD TO ADD VALUE

2.1 Composition

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

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

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

· Not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

· Within the last three years, not have been employed in an executive capacity by the Company or any other group member, or been a director after ceasing to hold any such employment;

· Within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other group member, or been an employee materially associated with the service provided;

· Not be a material supplier or customer of the Company or any other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

· Have no material contractual relationship with the Company or a controlled entity other than as a director of the group; and

· Be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

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

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

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

· The interest is fully disclosed and the disclosure is recorded in the Board minutes.

· The relevant director is excluded from all consideration of the matter by the Board.

· If considered warranted, the Board may obtain independent professional advice regarding such matters at the Company's expense.

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

2. STRUCTURE THE BOARD TO ADD VALUE (continued)

2.2 Chairman

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

2.3 Roles of the Chairman and CEO

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

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

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

2.4 Nomination Committee

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

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

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

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

The Board undertakes an annual assessment of its collective performance and the performance of the Chairman. The results and action plans, if any, are included in the Board minutes. The last Board self assessment was conducted in November 2012 in accordance with the process discussed above.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Code of conduct

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

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

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

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

3.2 Diversity policy

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

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

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING (continued)

3.3 Measurable objectives for achieving gender diversity

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

3.4 Gender diversity statistics

The proportion of female employees in the Globe group as at 30 June 2013 is 36% compared to 33% at 30 June 2012. The proportion of female employees in senior executive (KMP) positions is 33% which is the same as the previous year. The Company's Board currently has no female directors.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit Committee

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

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

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

Consistent with Recommendation 7 of the Principles, the Company's financial report preparation and approval process for the financial year ended 30 June 2013 involved both the CEO and Company Secretary providing sign-offs. They have certified to the Board that:

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

4.1.1 External auditors

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

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in Note 28 to the 2013 financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

The external auditor attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

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

The Company's current audit engagement partner was appointed during the 2009 financial year. Consistent with the Corporations Act 2001, the Company generally requires the rotation of the audit engagement partner every five years or less. However, due to the reasons set out below, the Company's current audit engagement partner's tenure has been extended for one financial year.

Extension of current audit engagement partner's tenure

The Company's audit engagement partner Mrs Lisa Harker of Pricewaterhouse Coopers ("PwC") was appointed during the 2009 financial year. Under the Corporations Act 2001 (Cth), audit engagement partners must be rotated at least every 5 years. Accordingly, Mrs Harker would ordinarily have been replaced with another audit engagement partner at the conclusion of the 2013 reporting season.

However, earlier this year the Board considered the impact of the rotation of Mrs Harker this year, particularly in view of the temporary absence of the Company's CFO between March 2013 and November 2013. The Board believed compliance with the rotation requirements would impose an unreasonable burden on the Company and adversely affect audit quality, particularly due to the reasons set out below.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING (continued)

4.1.1 External auditors (continued)

a) During the CFO's absence, there would be no opportunity for the CFO to be involved in the process of approving Mrs. Harker's replacement and handover during the 2013 year end audit;

b) Conducting a handover process between Mrs Harker, her replacement and the Company would add considerable disruption to the 2013 year end audit, at a time when the CFO was absent from the business;

c) Conducting the handover process referred in b) above on the CFO's return would not be possible as Mrs. Harker would be prohibited from having any involvement with the Company at that stage unless her term as audit engagement partner was extended; and

d) The quality of the audit will benefit from Mrs Harker's knowledge and understanding of the Company's business and operation.

Accordingly, the board resolved in accordance with section 324DAA of the Corporations Act 2001(Cth) that Mrs. Harker's term as audit engagement partner be extended for an additional financial year. This means that Mrs Harker will continue as the Company's audit engagement partner for the 2014 financial year. Importantly, in considering the extension of Mrs Harker's term as audit engagement partner, the Board was satisfied that such an extension would not give rise to a conflict of interest situation, as defined in Corporations Act due to various integrity measures within PwC to ensure that any conflict of interest did not arise and, thereby, impair Mrs Harker's independence. PwC have agreed in writing to the extension of Mrs Harker's term.

5. MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous disclosure policy

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

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

6. RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Communications policy with shareholders

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

6.1.1 Electronic Communication

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

6.1.2 Meetings

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

6.1.3 Briefings

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

6.1.4 Website

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

7. RECOGNISE AND MANAGE RISK

7.1 Policy for the oversight and management of material business risks

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

- Annual budgeting and monthly and daily reporting systems which enable the monitoring of progress against performance targets and the evaluation of trends;
- A comprehensive annual insurance program;
- A sound system of internal control;
- Policies and procedures for the management of financial risk and treasury operations including exposures to foreign currency movements (see Note 2 of the 2013 Financial Statements);
- Policies and procedures for the management of other business risks such as sourcing risks, information risks and social and ethical risks; and
- Directors' financial due diligence questionnaires to management.

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

7.2 Management and reporting of material business risks

7.2.1 Risk Management and Internal Control System

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

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

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

7.2.2 Internal Audit Function

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

7.2.3 Risk Management Committee

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

8. REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration Committee

The Company does not have a Remuneration Committee. Due to the Company's current size and operations the Board believes that this function can be performed by the Board as a whole. Accordingly, the Board performs this function by following the remuneration policies and practices outlined in the Company's Remuneration Report contained in the Directors' Report (pages 36 to 40).

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

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

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

As required by the Principles, non-executive directors remuneration is clearly disclosed separately from that of executive directors and senior executives. Further information is provided in the Remuneration Report contained in the Directors' Report (pages 36 to 40).

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


GLOBE

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 2013.

DIRECTORS

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

Paul Isherwood, AO
FCA, Independent Non-Executive Chairman
900,000 shares

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

Stephen Hill
Executive Director
12,485,606 shares

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

Peter Hill
Executive Director
12,436,009 shares

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

COMPANY SECRETARY

Gerhard M Correa
B Com, Grad Dip Bus, CPA

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

PRINCIPAL ACTIVITIES

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

CHANGES IN STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

REVIEW OF OPERATIONS

Financial Performance
The consolidated entity reported a net loss after tax of $6.0 million for the financial year ended 30 June 2013 after impairing intangibles of $0.8 million (after tax), compared with the net profit of $0.1 million reported in the previous financial year. Earnings before interest tax, depreciation and amortisation[1] (EBITDA) was a loss of $4.7 million.

Total group sales for the year increased to $83.8 million, 2% above the prior year.

The EBITDA loss of $ 4.7 million for the year was largely due to one off costs totalling $ 4.25 million comprising;

· Restructuring costs of $ 1.35 million in Dwindle Distribution, the company's core skateboard division
· Impact of delayed shipments of $ 1.5 million
· Increased doubtful debt provisions of $ 0.7 million
· One off new brand set up costs of $ 0.7 million

The consolidated entity had approximately a break even EBITDA result for the full financial year when excluding the restructure costs and additional non-recurring expenses that are not expected to be incurred in FY14.

The increase in revenues was largely due to a strong year for the company's flagship brand Globe which was up 10% for the year. In addition, new clothing brands in Australia added in recent years as part of a strategic overhaul of the business grew 29%. This growth was partially offset by Dwindle Distribution which struggled in FY13 with revenues dropping 15%.

Regionally, the European division grew revenue by 16% as a result of growth in all Globe brand categories of footwear, apparel, socks and skate hardgoods. The Australian division posted revenue growth of 7% through Globe apparel and hardgoods, new workwear brand FXD and Obey clothing. Despite Globe brand growth of 14% in North America, revenues for the North American division were down 6% due to the decline in Dwindle revenues.

Financial Position
At 30 June 2013, the Group had available cash reserves of $6.4 million (June 2012: $10.2 million), and available financing facilities of $3.7 million (June 2012: $3.0 million). The reduction of $3.8 million in cash reserves during the year is largely due to the EBITDA loss of $ 4.7 million, capital expenditure of $ 0.7 million and the dividend of $ 1.0 million paid in October 2012, offset by a decrease of $ 2.2 million in net working capital balances and translation gains of $ 0.4 million on cash balances.

STRATEGIES, FUTURE DEVELOPMENTS AND OUTLOOK

In anticipation of market changes, over the past few years Globe International has undergone a strategic review to provide the right growth platform for a radically transformed market place for its products. The company has been adjusting its brand and product category mix to have a more balanced portfolio of products.

[1]Amortisation includes impairment of intangibles

STRATEGIES, FUTURE DEVELOPMENTS AND OUTLOOK (continued)

The company now operates more evenly across the boardsports, streetwear, fashion and workwear markets. New brands have been launched, brands closed down and certain territorial rights acquired for third party brands, to ensure we have a relevant and well balanced mix of brands to grow revenues and profitability.

Key Changes that have taken place as part of the strategic review:

- The company has invested and successfully developed and grown in the apparel, hardgoods and sock categories for the cornerstone Globe brand.
- Globe International recently acquired the Stussy clothing and Vision Streetwear license for Australia and New Zealand following the conclusion of a non-compete hold back from operating streetwear brands. These are in addition to the distribution rights previously acquired for the Obey and Neff brands.
- FXD, a new proprietary workwear brand was launched in the past year and has brought fresh perspective to the workwear market. FXD has far exceeded expectations in its launch year.
- Following on from Globe apparel success in Australia and Europe, in North America significant investment has been made in Globe apparel which is now placed in globally influential clothing accounts across the continent.
- Following a strategic refocus for Globe in Asian regions, new distribution initiatives have been launched across key Asian territories. Sales in the last year more than doubled over the prior year.
- The Dwindle division has reduced the cost base and brand mix. Furthermore part of the Dwindle revamp included the creation of the retro cruiser brand Dusters which has grown quickly to be the second largest Dwindle brand and strategically broadened the Dwindle customer base.
- The European Division which has been principally focused on Globe and achieved solid growth via the Globe product category expansion now has the platform to add additional brands. The company is currently reviewing options for additional brands that would be complimentary for that division.

Following these changes and proactive moves, the new brand platform is expected to deliver revenue and profit growth in the coming year, assuming that market conditions do no deteriorate significantly during this period.

DIVIDENDS

Dividends relating to the financial year ended 30 June 2012
In respect of the financial year ended 30 June 2012 as detailed in the Directors' Report for that financial year, a fully franked final dividend of 2.5 cents per share was paid to the holders of fully paid ordinary shares on 18 October 2012.

Dividends relating to the financial year ended 30 June 2013
The directors have resolved that no dividend will be paid in respect of the 2013 financial year.

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	4
Stephen Hill	5	5

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

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

Over-riding principles of remuneration

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

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

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

- it attracts and retains high calibre executives, as it:
  - remunerates capability and experience
  - is competitive
  - rewards executives for contributing to the achievement of Company and business unit targets
  - provides a clear structure for earning remuneration

- remuneration is linked to certain financial performance measures. Globe International Limited's net profit after tax (NPAT) and earnings before interest, tax, depreciation and amortisation (EBITDA) have been the central performance measures for the Company's executives in recent years. Other financial measures taken into consideration include revenue growth, net operating cash flows and other business objectives.

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

Based on these over-riding principles, the executive remuneration framework satisfies the following criteria for good remuneration governance practices:
- competitiveness and reasonableness
- compensation linked to performance
- transparency
- capital management

Directors

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

REMUNERATION REPORT (AUDITED) (continued)

Non-executive directors

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

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

Executive directors

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

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

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

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

Executives
The executive remuneration framework has three components that, combined, represent total remuneration:
- fixed compensation
- short-term incentives
- long-term incentives

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

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

Short term incentives ("STI")
The STI is a cash-based plan that involves linking specific targets, both quantitative and qualitative, with the opportunity to earn incentives based on a percentage of fixed compensation. Executives have an opportunity to earn anywhere up to 75% of their base pay as an STI, with the exception of the CEO who can earn up to 100% of base pay as an STI. Both quantitative and qualitative targets are set by the Board and the CEO at the start of each financial year. The targeted quantitative performance levels include a mix of both individual

REMUNERATION REPORT (AUDITED) (continued)

performance levels and total Company performance levels. This ensures that the incentive is directly linked to areas of individual control, while at the same time ensuring that such incentives are ultimately linked to the creation of shareholder wealth through improved Company performance. Qualitative targets make up a smaller portion of the total potential incentive payment. Such targets are more subjective and therefore payment is largely subject to the discretion of the Board.

Short term incentives are awarded either in the year of measurement, or the year following. Payment in the following year allows the Board to give due consideration to the full year performance of each executive, as well as audited performance of the Company, prior to determining the amount to be paid. As a result, certain payments to executives which relate to the 2012 financial year, have been recognised in the 30 June 2013 financial year. These payments are based on a mix of specific targets and discretionary incentive payments. All of these payments were substantially less than the maximum possible incentive payment.

Long term incentive plan ("LTIP")
The objective of the LTIP is to remunerate senior executives in a manner which aligns their remuneration with the creation of shareholder wealth. LTIP grants are delivered in the form of performance rights, and are only made to senior executives. These performance rights are linked to pre-determined earnings per share (EPS) targets and growth. The Board believes this to be the most relevant performance measure as it aligns closely to the creation of wealth for shareholders. All of these performance rights lapsed in 2011 and the Board have not issued any further performance rights under this 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
- Gerhard Correa – Company Secretary

DIRECTORS OF GLOBE INTERNATIONAL LIMITED

	2013			2012		
NAME	**CASH SALARY $**	**SUPERANNUATION $**	**TOTAL $**	**CASH SALARY $**	**SUPERANNUATION $**	**TOTAL $**
Non-executive directors						
Paul Isherwood	115,000	-	115,000	115,000	-	115,000
Sub-total	**115,000**	**-**	**115,000**	**115,000**	**-**	**115,000**
Executive Directors						
Peter Hill	190,000	16,470	206,470	190,000	15,775	205,775
Stephen Hill	190,000	16,470	206,470	190,000	15,775	205,775
Sub-total	**380,000**	**32,940**	**412,940**	**380,000**	**31,550**	**411,550**
Total Directors Remuneration	**495,000**	**32,940**	**527,940**	**495,000**	**31,550**	**526,550**

REMUNERATION REPORT (AUDITED) (continued)

B. Details of Remuneration (continued)

KEY MANAGEMENT PERSONNEL (KMP)

2013	SHORT-TERM BENEFITS				
NAME	CASH SALARY $	OTHER BENEFITS $	CASH BONUS $	SUPERANNUATION $	TOTAL $
Key Management Personnel					
Matthew Hill(1)	607,089	55,963	-	-	663,052
Gary Valentine(1)	284,314	6,557	-	-	290,871
Jessica Moelands	268,758	-	-	16,470	285,228
Matthew Wong	225,000	-	15,000(2)	16,470	256,470
Jon Moses	225,000	-	-	16,470	241,470
Gerhard Correa	135,000	-	-	12,150	147,150

(1) US based executive
(2) Bonus paid in relation to the year ended 30 June 2012

KEY MANAGEMENT PERSONNEL (KMP)

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

(1) US based executive
(2) Bonuses paid are in relation to the year ended 30 June 2011

REMUNERATION REPORT (AUDITED) (continued)

C. Service agreements

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

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

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

D. Share based compensation

Executive Long Term Incentive Plan (LTIP)

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

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

There have been a series of Rights awarded under this plan since 23 January 2007, none of which have vested, and all of which have been cancelled, replaced or have lapsed as the performance criteria were not met.

There are currently no Performance Rights on issue.

E. Additional information

During the 2013 financial year, the market capitalisation of Company has ranged between $12.4 million and $18.7 million. Over the past five financial years as a whole, there has been no increase in shareholder wealth.

As a contribution to shareholder wealth, the Company has returned $5.2 million to shareholders during this period, by way of:

- $2.1 million fully franked final dividend paid in October 2010 (5 cents per share);
- $2.1 million fully franked final dividend paid in September 2011 (5 cents per share);
- $1.0 million fully franked final dividend paid in October 2012 (2.5 cents per share)

INSURANCE OF OFFICERS

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

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

NON-AUDIT SERVICES

Certain non-audit services were provided by the consolidated entity's auditor, PricewaterhouseCoopers. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. PricewaterhouseCoopers and its related parties received, or are due to receive, $49,781 (2012: $44,166) from the consolidated entity for non-audit services rendered during the financial year, predominantly in relation to taxation compliance and advice, including assistance with correspondence with tax authorities in relation to tax audits that were underway through the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 42.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR

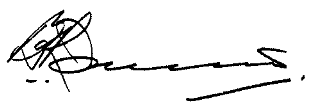
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

EXTENSION OF CURRENT AUDIT ENGAGMENT PARTNER'S TENURE

The Company's current audit engagement partner was appointed during the 2009 financial year. Consistent with the Corporations Act 2001, the Company generally requires the rotation of the audit engagement partner every five years or less. However, due to the reasons set out in item 4.1.1 of the Corporate Governance Statement (pages 28 to 29), the Company's current audit engagement partner's tenure has been extended for one financial year.

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 26th August 2013



Paul Isherwood
Chairman

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Globe International Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

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

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Globe International Limited and the entities it controlled during the period.

Lisa Harker

Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
26th August 2013

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

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013
GLOBE INTERNATIONAL LIMITED

INCOME STATEMENT	NOTES	2013 $'000	2012 $'000
Revenue from continuing operations	4	**84,137**	**83,061**
Other income		36	1,412
Changes in inventories of finished goods and work in progress		2,325	1,959
Inventories purchased		(49,332)	(46,934)
Employee benefits expense		(15,433)	(13,968)
Depreciation and amortisation expense	5	(1,107)	(1,089)
Impairment of intangible assets	5	(1,169)	-
Finance costs	5	(33)	(2)
Selling and administrative expenses		(26,373)	(23,737)
Profit / (loss) before related income tax expense		**(6,949)**	**702**
Income tax (expense) / benefit	8(a)	990	(640)
Profit / (loss) attributable to members of Globe International Ltd	24	**(5,959)**	**62**
Earnings per share attributable to members of the Company (EPS):			
Basic EPS (cents per share)	35	(14.37)	0.15
Diluted EPS (cents per share)	35	(14.37)	0.15

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

STATEMENT OF COMPREHENSIVE INCOME	2013 $'000	2012 $'000
Profit / (loss) for the year	**(5,959)**	**62**
Other comprehensive income / (expense)		
Changes in fair value of cash flow hedges	365	156
Exchange differences on translation of foreign operations	1,956	286
Income tax relating to components of other comprehensive income	(1,250)	(330)
Other comprehensive income / (expense) for the year, net of tax	1,071	112
Total comprehensive income / (expense) for the year attributable to the members of Globe International Limited	**(4,888)**	**174**

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.

	NOTES	2013 $'000	2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	6,412	10,157
Trade and other receivables	10	11,743	12,473
Inventories	11	15,900	14,452
Prepayments		863	808
Derivative financial instruments	12	361	-
Current tax assets	16	91	276
Total current assets		35,370	38,166
Non current assets			
Property, plant and equipment	13	1,715	1,667
Other financial assets	14	1,482	1,348
Intangible assets	15	17,059	18,477
Deferred tax assets	16	3,437	3,055
Total non current assets		23,693	24,547
Total assets		**59,063**	**62,713**
LIABILITIES			
Current liabilities			
Trade and other payables	17	13,548	12,357
Derivative financial instruments	12	-	4
Current tax liability		6	-
Provisions	19	1,607	894
Total current liabilities		15,161	13,255
Non-current liabilities			
Deferred tax liabilities	18	4,114	3,866
Provisions	19	537	474
Other	20	177	120
Total non-current liabilities		4,828	4,460
Total liabilities		**19,989**	**17,715**
NET ASSETS		**39,074**	**44,998**
Equity			
Contributed equity	21	144,223	144,223
Treasury Shares	22	(487)	(487)
Reserves	23	(8,855)	(9,926)
Retained profits/(losses)	24	(95,807)	(88,812)
TOTAL EQUITY		**39,074**	**44,998**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013
GLOBE INTERNATIONAL LIMITED

	CONTRIBUTED EQUITY	TREASURY SHARES	SHARE BASED PAYMENT RESERVE	CASH-FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED PROFITS / (LOSSES)	TOTAL EQUITY
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	144,223	(487)	323	(111)	(10,250)	(86,801)	**46,897**
Profit for the year	–	–	–	–	–	62	**62**
Other comprehensive income	–	–	–	107	5	–	**112**
Total comprehensive income / (expense) for the year	–	–	–	107	5	62	**174**
Transactions with owners in their capacity as owners:							
Dividends paid	–	–	–	–	–	(2,073)	**(2,073)**
Balance at 30 June 2012	144,223	(487)	323	(4)	(10,245)	(88,812)	**44,998**
Balance at 1 July 2012	144,223	(487)	323	(4)	(10,245)	(88,812)	**44,998**
Profit for the year	–	–	–	–	–	(5,959)	**(5,959)**
Other comprehensive income	–	–	–	255	816	–	**1,071**
Total comprehensive income / (expense) for the year	–	–	–	255	816	(5,959)	**(4,888)**
Transactions with owners in their capacity as owners:							
Dividends paid	–	–	–	–	–	(1,036)	**(1,036)**
Balance at 30 June 2013	144,223	(487)	323	251	(9,429)	(95,807)	**39,074**

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

	NOTES	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		86,772	86,276
Payments to suppliers and employees (inclusive of goods and services tax)		(89,318)	(86,252)
Interest received	4	62	76
Interest and other costs of finance paid	5	(33)	(2)
Income taxes received / (paid)		76	184
Net cash provided by/ (used in) operating activities	7	(2,441)	282
Cash flows from investing activities			
Payments for property, plant and equipment	13	(717)	(516)
Net cash provided by / (used in) investing activities		(717)	(516)
Cash flows from financing activities			
Cash removed from / (placed on) deposit with banks as security	10	(33)	-
Payment of dividend		(1,036)	(2,073)
Net cash provided by/ (used in) financing activities		(1,069)	(2,073)
Net increase/ (decrease) in cash and cash equivalents		**(4,227)**	**(2,307)**
Cash and cash equivalents at beginning of the financial year		10,157	12,320
Effect of exchange rates on cash holdings in foreign currencies		482	144
Cash and cash equivalents at the end of the financial year	**9**	**6,412**	**10,157**

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, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Globe International Limited is a for-profit entity for the purpose of preparing the financial statements.

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

Adoption of standards
The consolidated entity has applied all new standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2011, but has not elected to early adopt any relevant accounting standards and amendments that have been published but that are not mandatory for 30 June 2013 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations is set out in Note 1(af).

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

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

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Globe International Limited as at 30 June 2013 and the results of all subsidiaries for the year then ended. Globe International Limited and all its subsidiaries together are referred to in this financial report as the consolidated entity.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of consolidation (continued)

(ii) Employee Share Trust

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

(c) Income tax

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

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

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

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

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

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

(e) Revenue recognition

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

(f) Segment reporting

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

(g) Borrowing costs

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

(h) Leases

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

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

(i) Web site costs

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

(j) Major event costs

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets

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

(l) Business combinations

Business combinations that occurred before 1 January 2009

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

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

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

Business combinations after 1 January 2009

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

(m) Cash and cash equivalents

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other receivables

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

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

(o) Inventories

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

(p) Investments and other financial assets

Classification

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

Recognition and measurement

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

Impairment

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

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

(q) Property, plant and equipment

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

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

Class of Asset Useful Life	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 it might be impaired (Note 1(k)).

(s) Derivatives

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

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

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

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 is recognised immediately in the income statement.

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

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

Derivatives that do not qualify for hedge accounting

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

(t) Trade and other payables

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

(u) Borrowings

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

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

(v) Provisions

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Financial guarantee contracts

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

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

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

(x) Employee benefits

Wages, salaries and annual leave

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

Superannuation

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

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by 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 market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Short-term incentive plans

The consolidated entity recognises a liability and an expense for bonuses payable under various short term incentive plans. Short term incentive plans are based on the achievement of targeted performance levels set at the beginning of each financial year. Further information relating to these is included in the Remuneration Report which is set out on pages 36 to 40 of the Directors' Report. The consolidated entity recognises a liability to pay short term incentives when contractually obliged based on the achievement of the stated performance levels, or where there is a past practice that has created a constructive obligation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Employee benefits (continued)

Share based payments

Share based compensation benefits are provided to employees via the Globe Employee Share Plan ('ESP') and the Executive Long Term Incentive Plan ('LTIP'). Information relating to these plans is included in Note 27 Key Management Personnel Disclosures and in the Remuneration Report which is set out on pages 36 to 40 of the Directors' report.

(i) Executive Long Term Incentive Plan (LTIP)

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

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

(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 Class Order 98/0100 and accordingly, amounts in the financial report have been rounded off to the nearest one thousand dollars or, in certain cases, to the nearest dollar.

(ad) Comparative figures

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

(ae) Parent entity financial information

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

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost.

(ii) Accumulated profits reserve

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

(ii) Tax consolidation legislation

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) Parent entity financial information (continued)

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

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

(af) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations which are relevant to the consolidated entity is set out below.

(i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2015). AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The consolidated entity has assessed the full impact of the revised standard, and it is not expected to have a significant impact on the consolidated entity's financial statements. The consolidated entity has not yet decided when to adopt AASB 9.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(af) New accounting standards and UIG interpretations (continued)

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

(ag) Critical accounting estimates

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

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

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

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

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

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

(2) Changes in accounting estimates

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

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	2013 $'000	2012 $'000
Financial assets			
Cash and cash equivalents	9	6,412	10,157
Trade and other receivables	10	11,743	12,473
Derivative financial instruments	12	361	-
Other financial assets	14	1,482	1,348
Total financial assets		**19,998**	**23,978**
Financial liabilities			
Trade and other payables	17	13,548	12,357
Derivative financial instruments	12	-	4
Total financial liabilities		**13,548**	**12,361**

NOTE 2. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk

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

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

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

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

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

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

(b) Market risk

(i) Foreign exchange risk

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

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

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

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

NOTE 2. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

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

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

(c) Liquidity risk

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

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

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

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

NOTE 3. SEGMENT REPORT

(a) Description of segments

Operating segments are determined in accordance with AASB 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. As the business deals in predominantly one business segment – the sale of goods in the Action Sports market, management has determined that there are three operating segments based on the geographical location of each of the Divisional offices, each of which is headed by a Divisional President or Vice President. These operating segments are Australasia, North America and Europe. Management and the Board monitor the performance of each of these segments separately.

Segment revenues, expenses and results may include transfers between segments. Such transfers are priced on an arms-length basis and are eliminated on consolidation. Segment revenue includes all sales of goods and receipts from licensing income, but excludes interest income.

Segment result is after the allocation of all operating expenses, which are considered to be all expenses included in Earnings Before Interest Tax Deprecation and Amortisation (EBITDA), with the exception of Corporate expenses which do not relate to any single segment and are treated as unallocated. Total Segment Result is after deducting non-operating expenses from the segment result, including depreciation, amortisation and impairment charges.

(b) Reportable segment information

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

2013	NOTES	AUSTRALASIA $'000	NORTH AMERICA $'000	EUROPE $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue						
Total Segment Revenue	(c)(i)	26,640	39,331	18,138	-	84,109
Internal Segment revenue		-	(34)	-	-	(34)
External Segment Revenue		26,640	39,297	18,138	-	**84,075**
Segment Profit / (Loss)						
Segment EBITDA	**(c)(ii)**	**1,416**	**(3,177)**	**(7)**	**(2,934)**	**(4,702)**
Depreciation and amortisation	5	(475)	(391)	(133)	(108)	(1,107)
Interest revenue	4	58	-	4	-	62
Finance costs	5	-	(33)	-	-	(33)
Other material non-cash items						
Impairment of receivables	5	(120)	(812)	(229)	-	(1,161)
Impairment of inventories	5	40	(908)	(20)	-	(888)
Impairment of intangibles	5	-	(1,169)	-	-	(1,169)

NOTE 3. SEGMENT REPORT (continued)

(b) Reportable segment information (continued)

2013	NOTES	AUSTRALASIA $'000	NORTH AMERICA $'000	EUROPE $'000	TOTAL $'000
Segment Assets and Liabilities					
Reportable segment assets	(c)(iii)	22,275	15,584	9,875	47,734
Reportable segment liabilities	(c)(iv)	4,590	13,262	6,923	24,775
Acquisition of non-current assets		388	280	49	717

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

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

NOTE 3. SEGMENT REPORT (continued)

(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	2013 $'000	2012 $'000
Total segment revenue		84,109	83,091
Elimination of inter-segment revenue		(34)	(106)
Interest revenue		62	76
Total revenue	**4**	**84,137**	**83,061**

(ii) Segment EBITDA

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

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

	NOTES	2013 $'000	2012 $'000
Total segment EBITDA		(1,768)	4,834
Unallocated Corporate expenses		(2,934)	(3,117)
EBITDA		**(4,702)**	**1,717**
Depreciation and amortisation	5	(1,107)	(1,089)
Impairment of assets	5	(1,169)	-
Interest revenue	4	62	76
Finance costs	5	(33)	(2)
		(2,247)	**(1,015)**
Profit / (Loss) before tax		**(6,949)**	**702**

NOTE 3. SEGMENT REPORT (continued)

(c) Reconciliations (continued)

(iii) Segment assets

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

	NOTES	2013 $'000	2012 $'000
Total segment assets		47,734	51,744
Elimination of inter-segment loans		(8,900)	(9,174)
Unallocated Intangible assets	15	16,701	16,812
Current and deferred tax assets	16	3,528	3,331
Total assets		**59,063**	**62,713**

(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	2013 $'000	2012 $'000
Total segment liabilities		24,775	23,023
Elimination of inter-segment loans		(8,900)	(9,174)
Current and deferred tax liabilities	18	4,114	3,866
Total liabilities		**19,989**	**17,715**

(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.

NOTE 3. SEGMENT REPORT (continued)

(d) Other information (continued)

	EXTERNAL SEGMENT REVENUES		EXTERNAL NON-CURRENT ASSETS	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Australia	22,783	21,955	1,175	1,262
United States	24,494	26,192	1,867	2,887
Other foreign countries	36,798	34,838	513	531
Unallocated deferred taxes	-	-	3,329	3,055
Unallocated intangible assets	-	-	16,701	16,812
Total	**84,075**	**82,985**	**23,585**	**24,547**

NOTE 4. REVENUE

	2013 $'000	2012 $'000
Sale of goods	83,782	82,262
Royalty income	293	723
Finance income	62	76
	84,137	83,061

NOTE 5. EXPENSES

	NOTES	2013 $'000	2012 $'000
rofit from ordinary activities of the continuing operations, before income tax, includes the following specific expenses:			
Cost of sales		47,006	44,975
Bad and doubtful debts	26	1,161	397
Write down of inventory to net realisable value		888	494
Borrowing costs			
Interest & finance charges paid		33	2
Operating lease expenses			
Rent for premises		1,639	1,524
Depreciation			
Leasehold improvements		273	215
Plant & equipment		83	83
Office equipment, furniture and fittings		341	347
Motor Vehicles		27	24
Total Depreciation		724	669
Amortisation			
Amortisation of Trademarks		370	406
Amortisation of other intangibles		13	14
Total Amortisation		383	420
Total depreciation and amortisation		**1,107**	**1,089**
Impairment of intangible assets		1,169	-

NOTE 6. SIGNIFICANT ITEMS

	NOTES	2013 $'000	2012 $'000
Profit (loss) for the year includes the following or items for which disclosure is relevant in explaining the financial performance from operating activities due to their significance in either size or nature:			
Restructuring costs*		(1,230)	-
Contract dispute		(106)	-
Net proceeds from the settlement of a legal case		-	1,030
Write-down in recoverable amount of intangible assets	15	(1,169)	-
Total significant items		(2,505)	1,030
Income tax (expense) / benefit associated with items above		878	(362)
Derecognition of deferred tax assets relating to unutilised tax losses		(1,865)	(308)
Total significant income tax (expense) / benefit		(987)	(670)
Net significant items		**(3,492)**	**360**

*Restructuring costs are inclusive of team riders and employees redundancy pay-outs ($0.5m), additional inventory provision ($0.6m) and other miscellaneous items ($0.1m). These costs relate primarily to the North American division.

NOTE 7. NOTES TO THE STATEMENT OF CASH FLOWS

	NOTES	2013 $'000	2012 $'000
(a) Reconciliation of net cash provided by operating activities to profit / (loss) from ordinary activities after income tax			
Operating profit / (loss) after taxation		(5,959)	62
Impairment of intangible assets	5	1,169	-
Depreciation and amortisation	5	1,107	1,089
Net exchange gains / (losses) on net assets		273	(144)
Changes in operating asset and liabilities as reported:			
(Increase)/Decrease in trade receivables		(681)	(935)
(Increase)/Decrease in other receivables and prepayments		1,027	545
(Increase)/Decrease in inventories		(1,581)	(1,864)
Increase/(Decrease) in other payables/provisions/accruals		2,154	685
Increase/(Decrease) in net taxes payable		50	844
Net cash provided by/(used in) operating activities		**(2,441)**	**282**

NOTE 8. INCOME TAX EXPENSE

	2013 $'000	2012 $'000
(a) Income tax expense recognised in the income statement		
Prior year under / (over) provision	(14)	-
Current tax (net of tax losses not recognised)	152	210
Deferred tax relating to temporary differences	(1,128)	430
Total income tax expense / (benefit)	**(990)**	**640**
The deferred income tax (benefit) / expense included in income tax expense relates to the reversal of temporary differences.		
(b) Numerical reconciliation between tax expense and pre-tax profit		
Profit / (loss) from continuing operations before income tax	(6,949)	702
Income tax expense / (benefit) calculated at 30%	(2,085)	211
Increase / (decrease) in tax due to:		
Prior year under / (over)	(14)	-
Revenue losses and temporary differences derecognised	1,865	308
Non allowable / (assessable) amounts	19	(63)
Expiry of foreign income tax credits	71	130
Write back of temporary differences	(399)	-
Differences in tax on overseas income	(447)	54
Income tax expense / (benefit)	**(990)**	**640**
(c) Deferred tax recognised directly in other comprehensive income		
Cash flow hedge reserve	(108)	(49)
Foreign currency translation reserve	(995)	(19)
Deferred tax expense / (benefit)	**(1,103)**	**(68)**
(d) Franking Account		
Franking account balance at 30% tax rate	4,469	4,914

NOTE 9. CASH AND CASH EQUIVALENTS

	NOTES	2013 $'000	2012 $'000
Cash at bank	(a)	6,412	10,157

(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 26 *Financial Instruments*.

NOTE 10. TRADE AND OTHER RECEIVABLES

	NOTES	2013 $'000	2012 $'000
Current			
Trade receivables		11,743	10,275
Less: Provision for doubtful receivables		(1,698)	(911)
		10,045	9,364
Other receivables	(c)	1,094	2,569
Restricted cash on deposit	26	373	312
Trade deposits		231	228
	26	11,743	12,473

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

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

(c) Other receivables
This amount includes $0.8 million (2012: $2.1 million) relating to amounts recoverable under trade receivables factoring arrangements – refer to Note 26 for further information. Other amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Collateral is not normally obtained.

NOTE 11. INVENTORIES

	2013 $'000	2012 $'000
Inventories at cost		
Raw materials	571	648
Work in progress	-	22
Finished goods	17,109	14,684
Total inventories at cost	17,680	15,354
Provision for inventory write-downs	(1,780)	(902)
	15,900	14,452

NOTE 12. DERIVATIVE FINANCIAL INSTRUMENTS

	2013 $'000	2012 $'000
Forward exchange contracts – cash flow hedge asset / (liability)	361	(4)

(a) Forward exchange contracts

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

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

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

	LEASEHOLD IMP'MENTS	MOTOR VEHICLES	PLANT & EQUIPMENT	OFFICE EQUIPMENT, FURNITURE & FITTINGS	TOTAL GROUP
	$'000	$'000	$'000	$'000	$'000
Cost as at 1 July 2011	*3,411*	*120*	*779*	*3,128*	*7,438*
Accumulated depreciation at 1 July 2011	*(2,540)*	*(63)*	*(412)*	*(2,591)*	*(5,606)*
Carrying value at 1 July 2011	**871**	**57**	**367**	**537**	**1,832**
Additions	120	51	–	345	516
Depreciation	(215)	(24)	(83)	(347)	(669)
Foreign currency translation gain / (loss) on fixed assets of overseas subsidiaries	(16)	3	1	–	(12)
Cost as at 30 June 2012	*3,575*	*142*	*799*	*3,485*	*8,001*
Accumulated depreciation at 30 June 2012	*(2,815)*	*(55)*	*(514)*	*(2,950)*	*(6,334)*
Carrying value at 30 June 2012	**760**	**87**	**285**	**535**	**1,667**
Additions	391	–	5	321	717
Depreciation	(273)	(27)	(82)	(342)	(724)
Foreign currency translation gain / (loss) on fixed assets of overseas subsidiaries	29	3	1	22	55
Cost as at 30 June 2013	*4,186*	*151*	*841*	*3,470*	*8,648*
Accumulated depreciation at 30 June 2013	*(3,279)*	*(88)*	*(632)*	*(2,934)*	*(6,933)*
Carrying value at 30 June 2013	**907**	**63**	**209**	**536**	**1,715**

NOTE 14. OTHER FINANCIAL ASSETS

	2013 $'000	2012 $'000
Investments in other entities (available for sale)	1,482	1,348

NOTE 15. INTANGIBLE ASSETS

	GOODWILL $'000	TRADEMARKS INDEFINITE LIFE $'000	TRADEMARKS FINITE LIFE $'000	OTHER INTANGIBLE ASSETS – FINITE LIFE $'000	TOTAL $'000
At 30 June 2011					
Cost	65,345	21,410	14,275	418	101,448
Accumulated amortisation and impairment	(65,345)	(4,709)	(12,498)	(48)	(82,600)
Net book amount	**-**	**16,701**	**1,777**	**370**	**18,848**
Year ended 30 June 2012					
Opening net book amount	-	16,701	1,777	370	18,848
Amortisation charge	-	-	(406)	(14)	(420)
Foreign exchange translation impacts	-	-	79	(30)	49
Closing net book amount	**-**	**16,701**	**1,450**	**326**	**18,477**
At 30 June 2012					
Cost	65,345	21,410	14,950	383	102,088
Accumulated amortisation and impairment	(65,345)	(4,709)	(13,500)	(57)	(83,611)
Net book amount	**-**	**16,701**	**1,450**	**326**	**18,477**
Year ended 30 June 2013					
Opening net book amount	-	16,701	1,450	326	18,477
Amortisation charge	-	-	(370)	(13)	(383)
Impairment provision	-	-	(1,169)	-	(1,169)
Foreign exchange translation impacts	-	-	89	45	134
Closing net book amount	-	**16,701**	-	**358**	**17,059**
At 30 June 2013					
Cost	65,345	21,410	13,606	437	100,798
Accumulated amortisation and impairment	(65,345)	(4,709)	(13,606)	(79)	(83,739)
Net book amount	-	**16,701**	-	**358**	**17,059**

NOTE 15. INTANGIBLE ASSETS (continued)

(a) Impairment tests for indefinite life intangible assets

Goodwill

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

Trademarks with indefinite useful lives

The Globe trademark is considered to have an indefinite life. Established in 1993, Globe is the consolidated entity's flagship brand, and is a well recognised action sports brand worldwide, with a broad offering of footwear, apparel and accessories sold predominantly in North America, Europe and Australasia. The brand is not considered to have a foreseeable brand maturity date, and has accordingly been assessed as having an indefinite useful life. The carrying value of the Globe trademark as at the end of the current financial year is $16.7 million (2012: $16.7 million).

The recoverable amount of the Globe trademark is determined based on fair value less costs to sell. The fair value is determined based on future cash flow projections using the "royalty relief" method of valuing trademarks. Future cash flow projections use sales forecasts based on financial budgets and conservative growth assumptions for up to 5 years. The cumulative level of growth applied to future sales forecasts beyond budgeted periods is 5% (years 2-5) and 0% (terminal year). These growth assumptions are applied based on management's assessment of the realistic short-term sales expectations of the brand based on sales, marketing, product and distribution initiatives that are expected to have an effect during the period. These assessments are applied after taking into account recent sales trends and general macro economic conditions. A royalty rate of 7% (2012:7%) is applied to the trademark based on Globe's experience and industry available data of royalty rates for similar brands. A pre-tax discount factor of 16.2% (2012: 16.2%) has been applied to the future cash flows. If a royalty rate of 5% was applied to the Globe trademark it would not result in impairment.

NOTE 16. TAX ASSETS

	NOTES	2013 $'000	2012 $'000
Current tax assets	(i)	91	276
Deferred tax assets attributable to temporary differences	(ii)	3,259	2,986
Deferred tax assets attributable to tax losses	(iii)	178	69
Total deferred tax assets		3,437	3,055
Total tax assets		**3,528**	**3,331**

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

(ii) Deferred taxes attributable to temporary differences

	2013 $'000	2012 $'000
Amounts recognised in profit or loss:		
Trade and other receivables	453	229
Inventories	653	316
Property, plant and equipment	646	588
Intangible assets	592	16
Employee benefits (provisions and payables)	475	403
Accruals	152	150
Other	1	1
	2,972	1,703
Amounts recognised directly in equity:		
Foreign currency translation reserve	287	1,283
Total temporary differences	3,259	2,986

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

	2013 $'000	2012 $'000
Deferred tax assets expected to be recovered within 12 months	1,860	2,240
Deferred tax assets expected to be recovered after more than 12 months	1,399	746
	3,259	2,986

NOTE 16. TAX ASSETS (continued)

(iii) Deferred taxes attributable to tax losses

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

The consolidated entity has $10.2 million (2012: $7.5m) of deferred tax assets relating to revenue losses that have not been recognised. These tax losses do not expire under current tax legislation. Deferred tax assets will not be recognised until such time that current taxable profit forecasts for the relevant jurisdictions indicate that it is probable that these benefits will be utilised in the foreseeable future.

In addition, the consolidated entity has $ 3.6 million (2012: $3.6 million) of deferred tax assets relating to capital tax losses that have not been recognised. These tax losses do not expire under current tax legislation. Deferred tax assets will not be recognised until such time that it is probable that future capital gains will be available to utilise these benefits.

NOTE 17. TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
Current payables		
Trade creditors	9,391	8,641
Other creditors and accruals	4,157	3,716
	13,548	12,357

NOTE 18. TAX LIABILITIES

	NOTES	2013 $'000	2012 $'000
Non current			
Deferred Tax Liability	(i)	4,114	3,866

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

Amounts recognised in profit or loss:			
Trade and other receivables		153	1
Hedge reserve		108	-
Intangible assets		3,853	3,865
Total temporary differences		4,114	3,866

NOTE 18. TAX LIABILITIES (continued)

	2013 $'000	2012 $'000
Deferred tax liability expected to be settled within 12 months	261	1
Deferred tax liability expected to be settled after more than 12 months	3,853	3,865
	4,114	3,866

NOTE 19. PROVISIONS

	NOTES	2013 $'000	2012 $'000
Current			
Employee entitlements	(a)	1,062	894
Restructuring Costs	(b)	545	0
Total current provision		1,607	894

	NOTES	2013 $'000	2012 $'000
Non-Current			
Employee entitlements	(a)	537	474

(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 2013:

Expected increase in wages and salaries	3% - 4%	(2012: 3% - 4%)
Expected wages and salary on-costs	7% - 16%	(2012: 7% - 16%)

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

(b) Movement in the provision for restructuring costs during the financial year is set out below:

	2013 $'000	2012 $'000
Balance at 1 July	-	-
Provisions recognised during the year	545	-
Balance at 30 June	545	-

NOTE 20. OTHER LIABILITIES

	2013 $'000	2012 $'000
Accruals related to lease incentives and fixed rent escalation clauses	177	120

NOTE 21. CONTRIBUTED EQUITY

	NOTES	2013 $'000	2012 $'000
Paid-up capital:			
41,463,818 (2012: 41,463,818) fully paid ordinary shares	(a)	144,223	144,223

(a) Ordinary shares

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

(b) Capital risk management

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

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

NOTE 22. TREASURY SHARES

	NOTES	2013 $'000	2012 $'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 36 to 40 of the Directors' Report. The total number of shares held as at the end of the financial year was 510,000 (2012: 510,000).

NOTE 23. RESERVES

	NOTES	2013 $'000	2012 $'000
Foreign currency translation reserve	(a)	(9,429)	(10,245)
Hedging reserve - cash flow hedges	(b)	251	(4)
Share based payments reserve	(c)	323	323
		(8,855)	(9,926)

	2013 $'000	2012 $'000
(a) Foreign currency translation reserve		
Balance at 1 July	(10,245)	(10,250)
Currency translation differences arising during the year, net of tax	816	5
Balance at 30 June	(9,429)	(10,245)

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.

	2013 $'000	2012 $'000
(b) Hedging reserve - cash flow hedges		
Balance at 1 July	(4)	(111)
Revaluation - gross	361	(4)
Deferred tax	(108)	-
Transfer to inventory	2	160
Deferred tax	-	(49)
Balance at 30 June	251	(4)

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

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

NOTE 24. RETAINED PROFITS / (LOSSES)

	2013 $'000	2012 $'000
Balance at 1 July	(88,812)	(86,801)
Net profit / (loss) for the year attributable to the members of the Company	(5,959)	62
Dividends paid	(1,036)	(2,073)
Retained profits / (losses) at the reporting date	(95,807)	(88,812)

NOTE 25. DIVIDENDS

During the current year, the consolidated entity paid a $1.0 million final dividend for the year ended 30 June 2012. This fully franked 2.5 cent dividend was paid to shareholders on 18 October 2012.

Since the end of the financial year, the directors have resolved that no dividend will be paid in relation to the 2013 financial year.

NOTE 26. FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

	REFERENCE	2013 $'000	2012 $'000
Trade receivables (net of provision)	1	10,045	9,364
Other receivables	2	1,094	2,569
Restricted cash on deposit		373	312
Trade deposits		231	228
Total trade and other receivables		11,743	12,473
Derivative financial instrument		361	-
Other financial assets	3	1,482	1,348
Cash and cash equivalents	4	6,412	10,157
		19,998	23,978

NOTE 26. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(1) Trade receivables

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

	2013 $'000	2012 $'000
Australasia	3,125	3,139
North America	4,536	3,849
Europe	2,384	2,376
	10,045	9,364

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

	2013 $'000	2012 $'000
Past due 0-30 days	1,948	2,296
Past due 31-60 days	1,256	1,691
Past due 61-90 days	862	540
Past due greater than 91 days	-	-
	4,066	4,527

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

	2013 $'000	2012 $'000
Trade receivables – past due and impaired	2,334	1,459
Impairment allowances	(1,466)	(911)
	868	548

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

	2013 $'000	2012 $'000
Balance at 1 July	911	1,453
Impairment loss / (write-backs) recognised during the year	1,161	397
Receivables written off against impairment allowance	(571)	(903)
Foreign currency (gain) / loss on translation of overseas entities impairment allowance	197	(36)
Balance at 30 June	1,698	911

NOTE 26. FINANCIAL INSTRUMENTS (continued)

(1) Trade receivables (continued)

Based on the age and category of the debtors, management currently recognises an impairment provision at rates ranging from 0.5% to 100% on existing debtor balances as at the reporting date. In addition, management exercises judgement to determine if there are any further adjustments required to the value of the provision so calculated. Management considers that the remainder of the trade receivables, except for those trade receivables that have been impaired, relate to customers that have a good credit history and accordingly based on historical default rates management believe no impairment is required.

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 financial assets

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

(4) Cash and cash equivalents

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

(b) Market risk

(i) Foreign Exchange Risk

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

	2013			2012		
	USD $'000	EURO $'000	GBP $'000	USD $'000	EURO $'000	GBP $'000
Trade receivables and other receivables	-	103	250	-	126	198
Trade payables	(409)	-	-	(467)	-	-
Forward exchange contracts - Buy foreign currency	6,355	-	-	4,375	-	-
	5,946	103	250	3,908	126	198

NOTE 26. FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

FX Risk Sensitivity analysis:

	2013				2012			
-10% / + 10%	AUD VS USD $'000	EUR VS USD $'000	USD VS GBP $'000	EUR VS GBP $'000	AUD VS USD $'000	EUR VS USD $'000	USD VS GBP $'000	EUR VS GBP $'000
Impact on profit after tax (1)	(20)/17	(22)/20	(13)/16	(10)/12	(14)/12	(26)/29	(9)/11	(8)/10
Impact on equity (2)	(507)/620	(116)/142	-	-	(328)/401	(63)/77	-	-

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

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

	WEIGHTED AVERAGE INTEREST RATE (%)	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE $'000	NON-INTEREST BEARING $'000	TOTAL $'000
2013					
Financial assets:					
Cash and cash equivalents	2.75%	814	-	5,598	6,412
Trade and other receivables	-	-	-	11,743	11,743
Other financial assets	-	-	-	1,482	1,482
		814	-	18,823	19,637
Financial liabilities:					
Trade and other payables	-	-	-	13,548	13,548
2012					
Financial assets:					
Cash and cash equivalents	3.50%	3,015	-	7,142	10,157
Trade and other receivables	-	-	-	12,473	12,473
Other financial assets	-	-	-	1,348	1,348
		3,015	-	20,963	23,978
Financial liabilities:					
Trade and other payables	-	-	-	12,357	12,357

NOTE 26. FINANCIAL INSTRUMENTS (continued)

(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
2013		
Trade and other payables	13,548	13,548
Forward exchange contracts used for hedging:		
Inflow (Gross)	(6,894)	(6,894)
Outflow (Gross)	6,533	6,533
	13,187	13,187
2012		
Trade and other payables	12,357	12,357
Forward exchange contracts used for hedging:		
Inflow (Gross)	(4,330)	(4,330)
Outflow (Gross)	4,334	4,334
	12,361	12,361

(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	2013 $'000	2012 $'000
Secured receivables financing facilities			
- amount used		2,884	778
- amount unused		1,988	2,909
	(1)	4,872	3,687
Secured inventory financing facilities			
- amount used		-	-
- amount unused		1,548	-
	(2)	1,548	-
Secured multi-option financing facilities			
-amount used		-	-
-amount unused		141	125
		141	125
Bank guarantee facilities			
-amount used		373	312
-amount unused		-	-
	(3)	373	312

NOTE 26. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

(1) Secured receivables financing facilities

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

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

Maximum advances under the factoring agreement, provided at the discretion of the factor, are 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.

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

(2) Secured inventory financing facilities

North America
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 USD 2 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.

NOTE 26. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

(3) Bank guarantee facilities

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

NOTE 27. 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	*Executive directors*
Paul Isherwood	Stephen Hill Peter Hill

Other key management personnel

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

NAME	POSITION	EMPLOYER
Matthew Hill	Chief Executive Officer	Osata Enterprises Inc.
Jessica Moelands	Chief Financial Officer	Globe International Limited
Gerhard Correa	Company Secretary	Globe International Limited
Gary Valentine	Chief Operating Officer 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

	2013 $	2012 $
Short-term employee benefits	2,317,681	2,489,031
Post-employment benefits	94,500	91,025
	2,412,181	2,580,056

NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Other transactions with directors and key management personnel

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

	2012				2013		
NAME	BALANCE AT THE START OF THE 2011 FINANCIAL YEAR	RECEIVED DURING THE 2012 YEAR ON THE EXERCISE OF PERFORMANCE RIGHTS	OTHER CHANGES DURING THE 2012 YEAR	BALANCE AT THE END OF THE 2012 YEAR / BEGINNING OF THIS YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF PERFORMANCE RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Directors of Globe International Limited – Ordinary Shares							
Paul Isherwood	568,127	-	231,873	800,000	-	100,000	900,000
Peter Hill	11,986,281	-	325,978	12,312,259	-	123,750	12,436,009
Stephen Hill	11,986,281	-	325,978	12,312,259	-	173,347	12,485,606
Key management personnel of the consolidated entity – Ordinary Shares							
Matthew Hill	3,454,465	-	41,500	3,495,965	-	-	3,495,965
Jessica Moelands	1,000	-	-	1,000	-	-	1,000
Gerhard Correa	204	-	-	204	-	-	204
Matthew Wong	117,500	-	-	117,500	-	-	117,500

NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Related party transactions with directors and key management personnel

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

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

(i) Stephen Hill is a director of Osaka Enterprises Pty Ltd (“Osaka”). The consolidated entity rented a commercial property from Osaka for part of the financial year ended 30 June 2012 and paid rent to Osaka of $9,533. This lease expired in November 2011 and the consolidated entity has exited the property.

(ii) Peter and Stephen Hill are directors of LHCF Nominees Pty Ltd (“LHCF”). The consolidated entity entered into a lease for a commercial property with LHCF during the previous financial year, and during the current year paid rent to LHCF of $636,540 (2012: $624,180). Rent is paid one month in advance, and is due and payable on the first of every month.

(iii) Peter and Stephen Hill are directors of Gleaner Developments Pty Ltd (“Gleaner”). The consolidated entity rented a commercial property from Gleaner for part of the financial year ended 30 June 2013, and paid rent to Gleaner of $65,618 (2012: $81,120) for the use of the property. Rent is paid one month in advance, and is due and payable on the first of every month. In April 2013, Gleaner sold the property to an independent non-related third party (“third party”) and assigned the lease to this third party. Effective 1 April 2013, the consolidated entity pays the rent under the lease to the third party.

NOTE 28. AUDITORS' REMUNERATION

	2013 $	2012 $
(a) Audit services		
PricewaterhouseCoopers Australia:		
Audit and review of financial reports	269,169	262,300
Overseas PricewaterhouseCoopers firms:		
Audit and review of financial reports	33,750	35,065
Other regulatory services	3,944	3,700
	306,863	301,065
(b) Non-audit services		
PricewaterhouseCoopers Australia:		
Taxation services	44,330	37,000
Overseas PricewaterhouseCoopers firms and other related parties:		
Taxation services	5,451	7,166
	49,781	44,166
(c) Non-PricewaterhouseCooper audit firms		
Audit and review of financial reports	4,442	3,863
Other services	1,081	2,267
	5,523	6,130
Total auditors' remuneration	**362,167**	**351,361**

NOTE 29. CONTINGENCIES

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

NOTE 30. COMMITMENTS

	2013 $'000	2012 $'000
(a) Operating lease commitments:		
Non cancellable operating leases contracted for but not capitalised in the financial statements:		
- not later than 1 year	1,707	1,491
- later than 1 year but not later than 5 years	3,246	3,123
- later than 5 years	110	217
	5,063	4,831
(b) Sponsorship commitments:		
Minimum event and rider sponsorship commitments contracted for but not capitalised in the financial statements:		
- not later than 1 year	987	1,456
- later than 1 year but not later than 5 years	405	1,036
	1,392	2,492

NOTE 31. RELATED PARTY DISCLOSURES

(a) Parent entity

The ultimate parent entity of the consolidated group is Globe International Limited. For financial information relating to the parent, refer to Note 32.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 33.

(c) Key Management Personnel

Disclosures relating to directors and key management personnel are set out in Note 27.

(d) Transactions with related parties

(excluding director related entities which are set out in Note 27)

The following transactions occurred with related parties:

	2013 $	2012 $
Purchase of goods		
Purchases of inventory from other related parties	19,377,460	17,043,779

NOTE 31. RELATED PARTY DISCLOSURES (continued)

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

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

	2013 $	2012 $
Current payables (purchases of goods and services)		
Other related parties	4,776,060	5,967,243

(f) Terms and conditions
Purchases of inventory from other related parties are based on normal terms and conditions. Payables are due within 90 days from shipment date (2012: 90 days from shipment date).

NOTE 32. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	2013 $'000	2012 $'000
Balance sheet		
Current assets	11,592	12,407
Total assets	83,456	84,563
Current liabilities	3,821	3,091
Total liabilities	4,642	3,685
Shareholders equity		
Issued capital	144,223	144,223
Treasury shares	(487)	(487)
Reserves	555	303
Profit reserves	223	1,260
Accumulated losses	(65,700)	(64,421)
Total Equity	78,814	80,878
Statement of comprehensive income		
Net profit/(loss) for the year before tax	944	2,072
Net profit / (loss) for the year after tax	(1,279)	1,060
Total comprehensive income / (loss)	(1,027)	1,137

NOTE 32. PARENT ENTITY FINANCIAL INFORMATION (continued)

(b) Guarantees entered into by the parent entity

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

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

The parent entity did not have any contingent liabilities or contractual commitments for the acquisition of property, plant or equipment as at 30 June 2013 or 30 June 2012.

NOTE 33. SUBSIDIARIES

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

NAME	COUNTRY	OWNERSHIP INTEREST	
		2013 %	2012 %
The Company			
Globe International Limited	Australia		
Entities under the control of Globe International Ltd			
Hardcore Enterprises Pty Ltd	Australia	100	100
Entities under the control of Hardcore Enterprises Pty Ltd*			
WINT Enterprises Pty Ltd*	Australia	100	100
KIDD Consolidated Pty Ltd*	Australia	100	100
Globe International Nominees Pty Ltd*	Australia	100	100
Globe International (NZ) Ltd	New Zealand	100	100
PSC Skateboarding Pty Ltd*	Australia	100	100
Globe Europe ApS	Denmark	100	100
Osata Enterprises, Inc.	United States	100	100
Entities under the control of PSC Skateboarding Pty Ltd			
CASE Enterprises Pty Ltd*	Australia	100	100
Entities under the control of Globe Europe ApS			
Globe Europe SAS	France	100	100
Entities under the control of Osata Enterprises, Inc.			
Diaxis LLC	United States	100	100
Chomp Inc (formerly Skateboard World Industries, Inc.)	United States	100	100
Dwindle, Inc.	United States	100	100
Entities under the control of Globe International Nominees Pty Ltd			
Globe International (Asia) Limited	Hong Kong	100	100

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

NOTE 34. DEED OF CROSS GUARANTEE

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

INCOME STATEMENT	2013 $’000	2012 $’000
Revenue from operations	**26,301**	**25,551**
Other income	350	313
Changes in inventories of finished goods and work in progress	1,732	(146)
Materials and consumables used	(14,008)	(10,514)
Employee benefits expense	(6,822)	(6,233)
Depreciation, amortisation and impairment expense	(584)	(616)
Selling, general and administrative expenses	(8,776)	(8,511)
Profit / (loss) before income tax	**(1,807)**	**(156)**
Income tax (expense) / benefit	(1,461)	(459)
Profit / (loss) from operations	**(3,268)**	**(615)**

NOTE 34. DEED OF CROSS GUARANTEE (continued)

BALANCE SHEET	2013 $'000	2012 $'000
ASSETS		
Current assets		
Cash and cash equivalents	1,616	4,748
Trade and other receivables	3,105	3,202
Inventories	6,328	4,596
Derivatives	332	-
Prepayments	211	294
Total current assets	11,592	12,840
Non current assets		
Trade and other receivables	10,141	10,400
Property, plant and equipment	1,175	1,262
Other financial assets	17,398	17,398
Intangible assets	16,701	16,811
Deferred tax assets	1,037	1,929
Total non current assets	46,452	47,800
Total assets	**58,044**	**60,640**
LIABILITIES		
Current liabilities		
Trade and other payables	3,272	2,546
Derivative financial instruments	-	29
Provisions	501	468
Total current liabilities	3,773	3,043
Non current liabilities		
Deferred tax liabilities	4,118	3,511
Provisions	537	474
Other	177	120
Total non current liabilities	4,832	4,105
Total liabilities	**8,605**	**7,148**
NET ASSETS	**49,439**	**53,492**
Equity		
Contributed equity	144,223	144,223
Treasury Shares	(487)	(487)
Reserves	555	303
Retained losses and accumulated profit reserves	(94,852)	(90,547)
Total equity	**49,439**	**53,492**

NOTE 35. EARNINGS PER SHARE

	NOTES	2013	2012
Basic EPS			
Earnings used in calculation of basic earnings per share ($'000)		(5,959)	62
The weighted average number of shares on issue during the year used in calculation of basic earnings per share	21	41,463,818	41,463,818
Basic earnings per share (cents per share)		(14.37)	0.15
Diluted EPS			
Earnings used in calculation of diluted earnings per share ($'000)		(5,959)	62
The weighted average number of shares on issue during the year used in calculation of diluted earnings per share	21	41,463,818	41,463,818
Diluted earnings per share (cents per share)		(14.37)	0.15

NOTE 36. POST BALANCE DATE EVENTS

There are no reportable post balance date events.

DIRECTORS' DECLARATION

GLOBE INTERNATIONAL LIMITED

In the directors' opinion:

(a) the financial statements and notes, as set out on pages 44 to 95, and remuneration disclosures on pages 36 to 40, are in accordance with the *Corporations Act 2001*, including;

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

  (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2013, and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 36 to 40 of the Directors' Report comply with Accounting Standards AASB 124 *Related Parties* and the *Corporations Regulations 2001*; and

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed consolidated entity identified in Note 34 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 34.

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

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial reporting period ending 30 June 2013.

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 26th August 2013

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 2013, 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.

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

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 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 36 to 40 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Lisa Harker

Lisa Harker
Partner

Melbourne
26 August 2013

STOCK EXCHANGE AND INVESTOR INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 27 AUGUST 2013

TOP 20 SHAREHOLDERS	NUMBER OF FULLY PAID ORDINARY SHARES	PERCENTAGE OF ISSUED SHARES
Stephen David Hill	12,485,606	30.11%
Peter John Hill	12,436,009	29.99%
Matthew Patrick Hill	3,495,965	8.43%
Poly Town Pty Limited	2,436,022	5.88%
Moggs Creek Pty Limited	960,000	2.32%
Paul Isherwood	900,000	2.17%
Bannaby Investments Pty Limited	515,000	1.24%
CPU Share Plans Pty Limited	510,000	1.23%
Garachi Pty Limited	425,000	1.02%
Bow Lane Nominees Pty Limited	403,736	0.97%
Douglas Zappelli & Kaylin Zappelli	380,000	0.92%
Michael Filipovic	370,000	0.89%
Brides Pty Limited	300,000	0.72%
Michael Sonand	249,479	0.60%
Norman O'Bryan	246,408	0.59%
Angueline Capital Pty Limited	171,085	0.41%
Pacific Securities Inc	150,000	0.36%
House of Maister Financial Services Limited	150,000	0.36%
Chemical Trustee Limited	125,000	0.30%
Managed Developments Pty Limited	120,000	0.29%
TOTAL	**36,829,310**	**88.82%**
TOTAL ISSUED CAPITAL	**41,463,818**	**100.00%**
Substantial Shareholders		
Stephen David Hill	12,485,606	30.11%
Peter John Hill	12,436,009	29.99%
Matthew Patrick Hill	3,495,965	8.43%
Poly Town Pty Limited	2,436,022	5.88%
Distribution of Shareholdings	**Number of Holders**	**Number of Shares**
1-1000 shares	280	115,817
1001-5,000 shares	329	781,803
5001-10,000 shares	64	505,805
10,001-100,000 shares	96	3,007,134
100,001 - and over shares	22	37,053,259
TOTAL	**791**	**41,463,818**

The number of security holders holding less than a marketable parcel is 339 and they hold 187,907 securities

UNQUOTED EQUITY SECURITIES

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

ANNUAL REPORT

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

YOU CAN DO SO MUCH MORE ONLINE

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

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

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

Don’t miss out on your dividends
Dividend cheques that are not banked are required to be handed over to the State Trustee under the Unclaimed Monies Act, so you are reminded to bank cheques immediately.

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

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

Link Market Services Limited
GPO Box 1736
Melbourne VIC 3001

Telephone (within Australia): 1300 55 44 74
International: +61 2 8280 7111
Facsimile: +61 3 9287 0303
Email: registrars@linkmarketservices.com.au

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

COMPANY PARTICULARS
AS AT 16 SEPTEMBER 2013

DIRECTORS

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

SENIOR MANAGEMENT

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

PRINCIPAL REGISTERED OFFICE
1 Fennell St
Port Melbourne VIC 3207
Australia
Tel: +61 3 8534 9999
Fax: +61 3 8534 9955

COMPANY SECRETARY
Gerhard Correa
1 Fennell St
Port Melbourne VIC 3207
Australia
Tel: +61 3 8534 9999
Fax: +61 3 8534 9955

SHARE REGISTRY
Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000
Tel: 1300 554 474
Tel: +61 2 8280 7111
Fax: +61 2 9287 0303
www.linkmarketservices.com.au

AUDITORS
PricewaterhouseCoopers
Freshwater Place
2 Southbank Boulevard
Southbank VIC 3006

WEBSITE
Corporate website: www.globecorporate.com

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

GLOBEFIRST

PRINTED ON RECYCLED PAPER
DOWNLOAD THE ONLINE VERSION
BETTER FOR THE ENVIRONMENT:
www.globecorporate.com