MEDIA RELEASE AND
ASX ANNOUNCEMENT

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FULL-YEAR RESULT IMPACTED BY WRITE DOWNS

International youth action sports company, Globe International, today announced a disappointing full year result that included a significant write-down of its recent acquisition, Kubic Marketing Inc.

The pre-amortisation, pre-tax loss for the group of $8.8 million was foreshadowed in the company's announcement of 2 July 2003, as was the company's intention to review in detail the carrying value of all assets and intangibles. Following this review, the decision has been taken to write down intangibles associated with the purchase of Kubic Marketing by $51.5 million, resulting in a group consolidated net loss after tax of $ 59.7 million.

Total positive cash flow from operations for the year of $24.4 million, was achieved as a result of improved working capital management and the initial benefits flowing from recent aggressive cost-cutting initiatives

The Chief Executive Officer of Globe, Mr. Mike Sonand said, "While a write-down of this magnitude is a significant and regrettable decision to have to take, it results from the poor trading performance of the Kubic acquisition in the last financial year.

"It is only now after aggressive remedial action by management that a recovery is starting to be seen. The management team's recent key focus has been to reduce costs and secure the finances of the Group. The strong balance sheet, reflected by excellent cash reserves, is a testimony of the success of this objective, despite the losses incurred in the second half of the year.

"Globe is now very well positioned to take advantage of market opportunities. Our finances are in order, our cash position is strong, the outlook for the forthcoming year is positive and we are forecasting a return to profitability," Mr. Sonand said.

SUMMARY OF OPERATIONS

AUSTRALASIA

Australasian sales were $90.2 million, down 15% from the previous year. Australasian EBITDA margin reduced to 8.1% from 15.9% on the previous year. While trading results were down on the record previous year, sales volumes are now showing signs of recovery and stability with recent efficiency initiatives starting to contribute. Although the market remains highly competitive, continuing product development initiatives and marketing strategies are providing a solid platform for growth.

NORTH AMERICA

The performance of Globe North America and the recently acquired Kubic were both unsatisfactory. Globe North American sales were $29.3 million, down 56% from the previous year's record result. Kubic Marketing, acquired last July with the expressed intention of accessing Kubic's icon brands, did not perform to a satisfactory level. Kubic sales at $60.8 million were well below expectations, with most of the decline experienced in the second half of the financial year.

In recent months the company has implemented management changes, a major cost reduction program, and rationalisation and consolidation of operations. As a result costs are now aligned with the business model in North America.

INTERNATIONAL

International Division (Europe, Asia, South America and South Africa) sales were $24.3 million, down 45% from the previous year's result. Despite the decline in sales the division continues to trade profitably.

Recent reviews have demonstrated a need to establish a stronger local presence in Europe in particular to meet distributor and market requirements. As a result, a regional marketing and administration presence is in the process of being established which will significantly aid in the development of this growing market.

STRATEGIC REVIEW

Having recently completed a strategic review of operations, Globe is well progressed in the process of implementing change to company structure and operations. These include;

- The establishment of a global marketing team for global brands so as to maintain consistency of communication across all mediums and territories.
- A renewed focus on expanding marketing initiatives across all brands, despite significant operational cost cutting
- Development and execution of a fresh and focused marketing campaign specifically for Globe footwear
- Expanded surf marketing initiatives, including the production of Globe's first feature length surf movie featuring Globe team riders.
- An expansion of Globe footwear distribution in North America within the traditional action sports retail account base.

- Establishing a regional marketing and administration presence in Europe to aid the development and growth of this potentially major market
- The introduction into the market of ground-breaking skate hardware products supported by the launch of a new skate brand
- The appointment of key leadership positions with clear responsibility and accountability to drive global apparel and global footwear design and development to ensure focus is on product innovation.
- An expanded apparel offering in key hardware brands and the continued expansion of apparel offered under the Globe brand
- The closure of non-core manufacturing and processing activities, primarily in North America, together with adjustments to the cost-base to reflect current activity levels. This has resulted in a reduction of the global workforce by over 25%.
- The migration and integration of a common information technology platform across the group to enable enhanced reporting and financial management.
- The rationalisation and subsequent reduction of property leased by the group
- A review of new product licensing opportunities.

OUTLOOK

"All of the aggressive actions we've taken internally in recent months have been consistently in accordance with the aim of restoring profitability and shareholder value within a framework of remaining true to our culture, heritage and values," Mr. Sonand said.

"The financial year just ended was totally unsatisfactory and every effort is being taken to address this situation."

What we are doing with the utmost vigor, is to get our business fundamentals right, continue with the development of great products that the market wants and maintain, through our culture, the values that are important to our customers."

"Markets have stabilised and we have adjusted our structure and cost base to reflect current conditions. We have some exciting new and highly innovative products to release to the market this year and we will continue to support cultural and lifestyle events to the benefit of our loyal customers.

"The current year to date is showing modest improvement across all markets. We are concentrating on our core businesses and I remain confident that the result of all these efforts will be a return to profitability in the current year," Mr Sonand said.

ENDS

Further information:
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Attach: Financial comparison chart

Set out below is a comparison of Globe's results for the twelve months ended 30 June 2003 with the twelve months ended 30 June 2002.

	Twelve months to 30 June 2003 ($ million)	**Twelve months to 30 June 2002 ($ million)**
Net Sales		
• **Australasia**	90.2	106.4
• **North America** (1)	90.0	66.7
• **International**	24.3	43.9
Total Sales	204.5	217.0
EBITDA	(3.0)	43.0
Depreciation	(4.0)	(1.6)
Amortisation	(56.0)	(3.8)
Interest income/(expense)	(1.8)	0.3
Profit (loss) before tax	(64.8)	37.9
Tax expense/(benefit)	(5.1)	12.8
Net profit/(loss)	(59.7)	25.1
EBITDA margin - %	(1.5%)	19.8%
Pre Amortisation (2)		
▪ **NPAT**	(4.6)	28.6
▪ **Earnings per share - cents** (3)	(1.1)	7.9

(1) Includes $13.6m of Kubic European Sales
(2) Amortisation add back, net of tax effect
(3) 2003 EPS is calculated on 414,365,201 (weighted ave. no. of shares)