globe
INTERNATIONAL LTD.

ABN 65 007 066 033

ANNUAL REPORT 2003
GLOBE INTERNATIONAL LTD

Globe Team Rider Taj Burrow

ANNUAL REPORT 2003
GLOBE INTERNATIONAL LTD

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CHAIRMAN'S REPORT

The challenge facing Globe's board and management is well understood - deliver sustainable growth and value to Globe's shareholders.

This challenge is something that Globe International Limited's ("Globe") directors, senior management and all of its staff take very seriously. It is therefore a great disappointment to all of us that the results of the previous financial year indicate quite clearly that we have failed to deliver the financial outcomes demanded and rightfully expected by shareholders. Whilst this result is one of considerable regret, directors remain convinced that the inherent brand strength of the Globe product range and opportunities for market growth that exist will ensure a sound future for the business.

The reasons for this poor performance have previously been announced by the Company to the market and reported widely in the media. The simple facts are that our North American business performed badly and the acquisition last year of Kubic Marketing Inc. ("Kubic"), which has not met our expectations, further exacerbated our poor USA performance. Whilst we remain confident that there is still considerable value to be extracted from the combination of the Globe and Kubic businesses, the time frame will be longer than originally planned.

The poor results of our North American operations in general and Kubic in particular are not something we are prepared to accept and we are sparing no effort to improve the situation.

We now have a new and experienced senior management team in place following the recent appointments of Mike Sonand as chief executive officer and Steve Kelly as chief financial officer. Globe now has a very clear and strong focus on cost management, specific strategies for brand development and a shared understanding across the group of the strategic direction that needs to be pursued to achieve success and restore shareholder value.

OPERATING RESULTS

The financial year ended 30 June 2003 produced an extremely disappointing result. Sales were down across all markets, with the bulk of the decline being experienced in North America.

Earnings before interest, tax, depreciation and amortisation (EBITDA), or operating profit, from Australasian and International operations (excluding North America) delivered a positive result, albeit substantially lower than the previous year. These results, however, were not sufficient to offset the losses incurred by Globe North America and Kubic with the net outcome being a consolidated EBITDA loss for the group of $3.0 million, the first such loss in the 20-year history of the company. Globe is determined never to repeat this unacceptable operating performance.

With regard to the 2003 year operating loss and in accordance with mandatory accounting principles, directors examined carefully the carrying values of the Group's intangible assets, especially goodwill. Given the poor performance of Kubic the board has taken a $51.6 million write-down in the value of intangibles. The final result was a net loss after tax of $59.7 million.

As a result of this performance, the board announced in July that no dividends will be paid for the 2002/2003 financial year.

Whilst this result is wholly unsatisfactory, comfort should be drawn from the facts that the Company has a low level of net debt, strong cash reserves and continues to trade on a cash positive basis. The board is confident that Globe's business model and strategies are now soundly based to produce future profits and restore shareholder value.

GOVERNANCE

Throughout the year your board has continued to operate to the highest standards of corporate governance.

In May 2003, Mr Philip Brass was appointed as a director. With Mr Brass's appointment the board is considerably strengthened by his wealth of experience in Australian and international consumer markets. His considerable contribution of time, energy and expertise to the improvement of the business is very valuable.

The roles of the board and senior management are well defined, with the board being responsible for setting strategies and policies and overseeing the outcomes. Senior management, under the effective leadership of Mike Sonand, is responsible for managing the business operations and implementing the Globe Group's strategies and policies.

The board firmly embraces the policy of continuous disclosure. All matters of importance that arise are reported to directors immediately in order to allow proper consideration. Matters which are required to be reported to the market are announced as soon as possible after they have been considered by the directors.

Appropriate training and advice is available to all directors. The directors have access to the company secretary, who is responsible for assisting the board on legal and regulatory compliance issues.

Further, during the previous 12 months, a shareholders' "hotline" has been established and the company's website has been improved to allow shareholder feedback.

STRATEGY

In 2002 the board believed that Globe's prospects for growth in the forthcoming year were strong. Clearly this was wrong. The rapid deterioration in the North American markets and the subsequent impact on our results was not foreseen, but now has been largely addressed. This has resulted in a complete review and overhaul of the company's strategy in North America. The Company is determined to retain and enhance its traditional focus on skate clothing, footwear and hardware. But it will also move so as to be more closely aligned with its successful Australian business model, with renewed emphasis on surf and a stronger offering of innovative products relevant to the lifestyle and culture associated with action sports.

The specific strategic challenges which the company is addressing this year are to focus on brand development, develop and market relevant products and create the appropriate framework for growth. I am confident that we are on track to achieve this.

SUMMARY

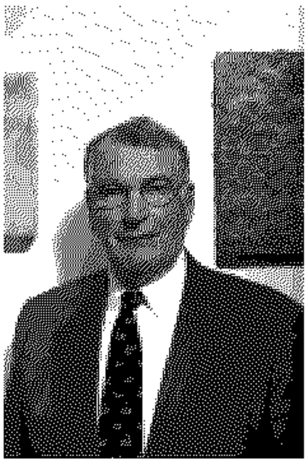
The year just completed has not been a successful or happy one for the Company, its employees and its shareholders. We have delivered a poor result and have experienced substantial erosion of shareholder value. Mistakes were made. This has been recognised and addressed. All those at Globe are determined that such an outcome will not occur again.

Through all of this, the strength and relevance of Globe's brands remain and the original passion and vision that started this business still burns fiercely within all of its directors, management and staff.

It is this passion, commitment and absolute determination for success that will result in this business becoming once again highly successful.

Globe knows its markets, is one with its customers and is fully aware of its responsibility to shareholders.

The forthcoming year will be full of challenges, and also full of opportunities. This is an environment in which Globe can thrive.



Paul Isherwood
Chairman

Globe and Darkstar Team Rider Paul Machnau

CHIEF EXECUTIVE OFFICER'S REPORT

We are now returning to our strengths; those core competencies that have made this Company a successful international business.

The last financial year has seen many challenges and disappointments. This experience, however, will see Globe emerge as a stronger, more focused and determined company than ever before.

Having achieved Prospectus earnings targets in the previous year, expectations in July 2002 were for continuing strong growth and confidence was high.

However, this last financial year proved to contain more challenges than Globe anticipated, most significantly a dramatic downturn in our North American markets and the very poor performance from the recently acquired Kubic Marketing Inc ("Kubic").

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 to the success of this objective, despite the losses incurred in the second half of the year.

We are now returning to our strengths, those core competencies that have made this Company a successful international business, with a portfolio of brands the envy of many in our industry.

In the year ahead we will be focusing on our three key strengths:

- developing and building brands;
- outstanding marketing; and
- delivering great product,

all executed within a framework of strong and vigorous financial disciplines.

The challenge for the team at Globe is to ensure that Globe remains true to the culture of its customers whilst continuing to manage the business in a sound financial manner.

OPERATING PERFORMANCE

The Group result before interest, tax and amortisation (EBITA) was a loss of $7.0 million. The net loss after tax was $59.7 million, primarily impacted by the $51.5 million write-down of the investment in Kubic.

Total revenues were down across all territories, however, the Australasian and International operations, (which excludes North America), continued to trade profitably, although at levels significantly lower than the previous year.

As is normal practice, at 30 June, directors reviewed the value of all company assets. This review resulted in the write-down of the majority of the investment in Kubic. This write-down has had a significant impact on the year end result and is a direct outcome of the performance of Kubic. Our challenge is to rebuild the inherent value of the Kubic brands.

At year end the cash balance was well in excess of debt and the Group's cash flow in the new financial year remains positive.

The result of focusing on sound financial management and cost reductions in the last quarter of the year means that the overall positive financial position of the Company is one of considerable financial strength that will provide a solid platform for future growth.

STRATEGIC REVIEW

Having recently completed a strategic review of operations, Globe is well progressed in the process of implementing the changes to company structure and operations outlined below.

- The establishment of a global marketing team for global brands to maintain consistency of communication across all mediums and territories.
- A renewed focus on expanding marketing initiatives across all brands.
- Development and execution of a fresh and focused marketing campaign specifically for Globe footwear.
- 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, "Almost: A Skateboard Company".
- Restructure of senior executive team through 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

The outlook for the next twelve months is positive, though challenging. The great strength that Globe has is the absolute determination of the Globe team to rebuild the value of this business through the delivery of great product and exceptional service to our account base across all territories.

The actions that we have taken, particularly in North America, are providing a solid platform on which to base growth. In the first half of 2004, Globe will once again be bringing the best athletes to Australia for the Globe World Cup of Skateboarding with worldwide television coverage which will reaffirm Globe's position as the pre-eminent company in this market.

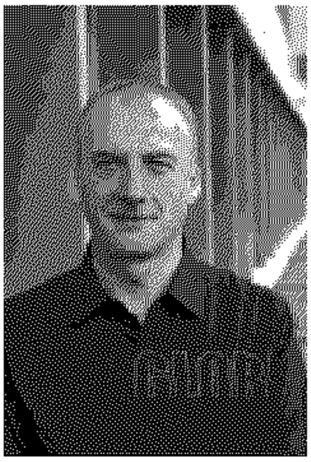
In addition, Globe is expanding its surf marketing initiatives which will include the production of Globe's first feature length surf movie, "Somewhere Anywhere Everywhere", featuring a world-class team that includes two recent WCT champions.

CEO'S FOCUS

I have a very strong personal philosophy of ensuring that we communicate fully in the good times and in the bad.

The key challenge we now have to face is to ensure that we capture all the drive, energy and commitment that has made Globe a leader in its field, whilst ensuring that a sound financial framework exists.

It is this balance between creativity and sound management, between the implementation of long-term strategies and short to medium-term tactical decisions, on which Globe's management is now focused, and where I will concentrate.



Michael Sonand
Chief Executive Officer

BUSINESS AT A GLANCE

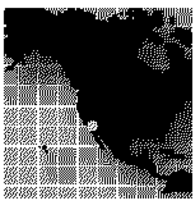
BRAND MIX

Globe holds a stable of world-class youth culture brands covering the surf, skate, snow and fashion sectors of apparel, footwear and action sports hardgoods. Each of these brands appeals to different subcultures within the broader youth culture world.

Globe maintains a staff of leading edge brand managers and designers in each of its major territories. Each of Globe's brands has its own brand management and design staff in touch with the sector of the youth culture market to which the particular brand appeals.

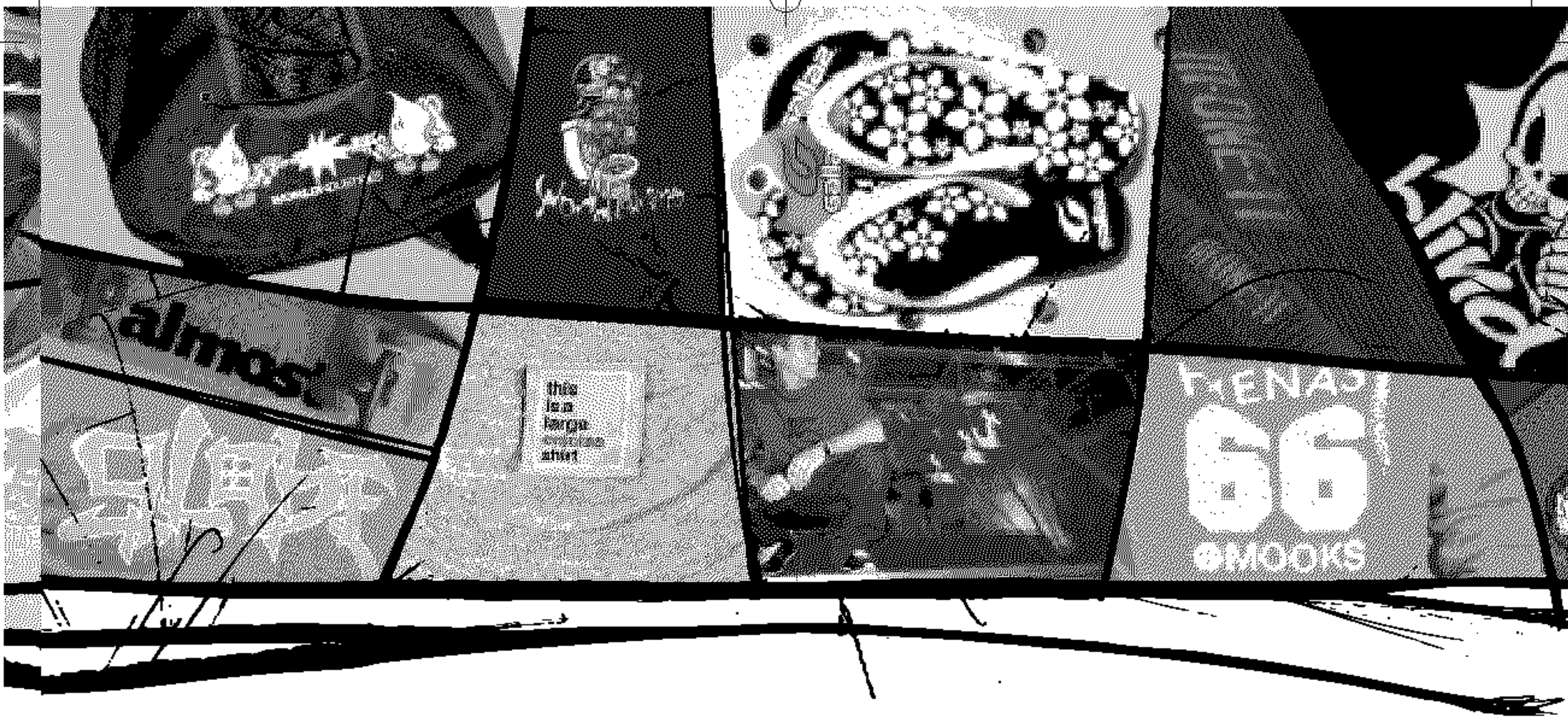
MARKETING AND ATHLETES

Globe maintains extensive marketing initiatives and staff in all major territories where Globe brands are represented. Globe International strives to ensure it has the most influential endorsing athletes in the world, the best creative campaigns and the most innovative and progressive marketing initiatives and events in the boardsports industry.



TERRITORIES

Globe is headquartered in Melbourne, Australia and has offices in Los Angeles, USA, New Zealand, Hong Kong and the Gold Coast, Australia. In addition Globe products are distributed in Europe, Asia and South America to 65 countries throughout the World via third party distributors.



APPAREL

Globe's global apparel brands include World Industries, Globe, Mooks, M-one-11 and Gallaz clothing. Regionally in Australia, Globe holds licences for key international brands including Paul Frank, Stussy, Mossimo, Freshjive, Independent and Ecko clothing.

FOOTWEAR

Globe's primary footwear brands are Globe Shoes, World Industries and Gallaz footwear. These brands service the male boardsports, youth boardsports and female boardsports consumers, producing performance, lifestyle and open footwear.

HARDGOODS

Globe owns numerous high-profile brands in the skateboard hardgoods market including Tensor Trucks, World Industries, Enjoi, Darkstar, Blind and Almost brands. Each brand targets a different price point and different aged consumer within the skateboard market. In addition, World Industries has an extensive youth-focused snowboard program.

HIGHLIGHTS AND EVENTS 2002 - 2003

JULY 2002

- Europe's biggest skateboarding event, the Globe Shoes World Championships, held in Dortmund, Germany.
- Europe's biggest female skateboarding event, the Gallaz Girls Skate Jam takes over Biarritz, France.
- Globe sponsored "Tic Tac to Heelflip; The History of Australian Skateboarding" movie premieres on Australian television winning national ratings in its timeslot.
- Globe shoes and rock band P.O.D. co-create a limited edition Globe/P.O.D. shoe model.

AUGUST 2002

- Broader initiatives into music product placement see top rock bands such as The Vandals, Sum 41, One Man Army and the Donnas representing Globe and Gallaz footwear and apparel.
- Luke Hitchings joins Globe footwear and apparel team as an endorsing surf athlete.
- Gallaz brand expands into apparel and broadens marketing initiatives in North America.
- Gallaz brand gains exposure in the feature film "Blue Crush" via team riders Layne Beachley and Keala Kennelly. Film becomes the sleeper hit of the US summer.

SEPTEMBER 2002

- Gallaz team rider Melanie Bartels wins the OP Newport Classic, California, USA.
- Gallaz sponsored "AKA: Girl Skater" movie stages its World premiere in California, USA.
- Big wave surf legend, Brad Gerlach joins Globe surf team.
- Globe surf team rider Tiago Pires wins the Irago Pro, Japan.
- "2002 Globe World Cup of Skateboarding" DVD released worldwide.
- Tensor Trucks patented.

OCTOBER 2002

- Iconic pro skater, Chet Thomas, signs head-to-toe contract as Globe apparel team rider.
- Gallaz surf team rider Layne Beachley wins the Roxy Pro, France.
- Globe sponsors the Billabong pro surf contest in Mundaka, Spain.
- Globe surf team rider Taj Burrow wins the Mundial surf contest, Brazil.
- Gallaz sponsored "AKA: Girl Skater" DVD released worldwide.

NOVEMBER 2002

- Principal photography commences for the landmark Globe surf film "Somewhere Anywhere Everywhere".
- Globe freestyle Moto-X team expanded with the addition of top riders Chuck Carothers, Tommy Clowers, Jeff Tilton and Miles Richmond.
- All new Globe footwear and apparel retail fit-outs roll out across North America.
- Globe surf team rider CJ Hobgood wins the Quiksilver King of the Peak contest in Florida, USA.

DECEMBER 2002

- Gallaz surf team rider Layne Beachley crowned 2002 ASP World Surfing Champion, securing the title for a record 5th consecutive year.
- Emerging skate star Gailea Momolu signs with Globe as both footwear and apparel endorsing athlete.
- Totally overhauled Globe Shoes website launched with resulting "record" web activity.

JANUARY 2003

- Sneak preview of Globe surf movie "Somewhere Anywhere Everywhere" unveiled at ASR tradeshow in Long Beach, California.
- New look, state-of-the-art Globe and Gallaz tradeshow booth launched at ASR, Long Beach, California.
- Leading professional skateboarder Paul Machnau joins the Darkstar team.
- Darkstar skateboarding video commences principal photography.

FEBRUARY 2003

- Globe World Cup of Skateboarding takes over Rod Laver Arena in Melbourne, Australia, attracting the biggest names in skateboarding to compete.
- World Industries team rider Carlos de Andrade wins Globe World Cup contest in Melbourne, Australia.
- Gallaz team rider Vanessa Torres wins the Gallaz Skate Jam at Rod Laver Arena.
- Hijacked by Democracy, an underground skate contest by skaters for skaters, makes worldwide launch in Australia.
- 900 Degrees maintains its reputation as Australia's biggest private youth culture event taking place for the eighth consecutive year.
- Globe apparel marketing campaign launched worldwide.

MARCH 2003

- Gallaz surf team rider Layne Beachley wins the Roxy Pro, Snapper Rocks, Australia.
- Globe Blackjack skate tour rolls out across North America. Tour features top Globe riders appearing in co-op demos with key retailers in 22 cities over 22 weeks. Numerous stops featured on national television.
- Gallaz surf team rider Keala Kennelly wins the Roxy Pro, Fiji.
- Globe surf team rider Mark Occhilupo places second at Quiksilver Pro, Snapper Rocks, Australia.
- Gallaz surf team rider Rebecca Woods wins Newcastle Pro in Australia.

APRIL 2003

- 2003 Globe World Cup Television Special broadcasts on the Seven Network in Australia, Fox Sports in North America, and ESPN in Japan. Program gains huge exposure for Globe, Gallaz, World Industries, Enjoi, Blind and Darkstar brands, reaching in excess of 10 million viewers.
- Gallaz Fall range 2003 holds a media launch in New York City, USA.

MAY 2003

- Gallaz surf team rider Keala Kennelly wins Billabong Girls Pro, Tahiti.
- Globe surf team rider Taj Burrow places second at the Billabong Pro, Tahiti.
- World Industries team rider, Ryan Sheckler, wins the prestigious Slam City Jam skateboard contest in Vancouver, Canada.
- Gallaz team rider Melanie Bartels wins Magnolia Girls Pro, Portugal.
- 2003 Globe World Cup Television Special is broadcast to more than 45 countries across Europe and the Middle East.
- Globe Television, Video and Multimedia (TVM) department established to broaden Globe International's brand exposure in a controlled and marketed way across all electronic mediums.

JUNE 2003

- Ryan Sheckler wins again at the 2nd stop of the Vans Triple Crown skate contest.
- New super team of skate athletes is formed to start the new skate brand "Almost". Huge hype and exposure garnered when Ryan Sheckler, Rodney Mullen, Daewon Song and Greg Lutzka announce they are starting their own skate team.
- Gallaz movie "AKA: Girl Skater" has world television premiere on the Outdoor Life Network.
- Globe surf team rider Patrick Gudauskus wins the NSSA Open Men's National Championship in the USA.
- Top name Globe International skate team riders Matt Mumford, Ryan Sheckler, Ronnie Creager, Rodney Mullen, Caswell Berry, Daewon Song and Greg Lutzka are invited to the prestigious "invitation only" Boost Mobile Pro in Las Vegas. Contest goes down as the richest contest ever in skateboarding with extensive coverage for Globe International athletes on global television.
- Globe Shoes website traffic increases 25% year-on-year.

Globe International Ltd Headquarters - Melbourne, Australia

Almost Skateboards and Tensor Trucks Team Rider Ryan Sheckler

CORPORATE GOVERNANCE

The board is responsible for the corporate governance of Globe International Limited ("the Company"), the direction and supervision of the Company's business and the protection of the rights and interests of its shareholders.

The board's primary responsibilities include:

- ensuring compliance with all applicable laws and regulations;
- assessing the strategic direction developed by management;
- monitoring financial performance and approving Globe's financial statements and budgets;
- ensuring that adequate systems of internal control are in place and appropriately monitored for compliance;
- selection and appointment of the chief executive officer and reviewing his performance and that of senior management;
- overseeing and reviewing the Company's systems for the identification and management of significant business risks;
- regularly reviewing the board's own performance and the procedures it follows;
- dealing with specific issues as and when they arise; and
- reporting to shareholders on Globe's performance.

The board is elected by, and is answerable to, the shareholders. The board reviews all nominations for appointment to the board. Currently, the board comprises Paul Isherwood (non-executive chairman), Philip Brass (non-executive director), Norman O'Bryan (non-executive director), Stephen Hill (executive director) and Peter Hill (executive director). At each annual general meeting any director appointed to fill a casual vacancy and one third of the board will retire. Retiring directors may offer themselves for re-election.

Globe supports and has adopted the Code of Conduct published by the Australian Institute of Company Directors. The Company's policies regarding the terms and conditions of the appointment, retirement and remuneration of directors are approved by the board following the receipt of professional advice. The remuneration and terms and conditions of employment for the chief executive officer and other senior executives are also reviewed and approved by the board after seeking professional advice.

Non-executive directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense as provided for in a contract between the Company and each director.

AUDIT COMMITTEE

The audit committee meets periodically throughout the year and comprises Norman O'Bryan, Paul Isherwood and Philip Brass. The composition, operations and responsibility of the audit committee comply with the best practice recommendations of the ASX Corporate Governance Council.

The chief financial officer and external auditors attend all audit committee meetings by invitation.

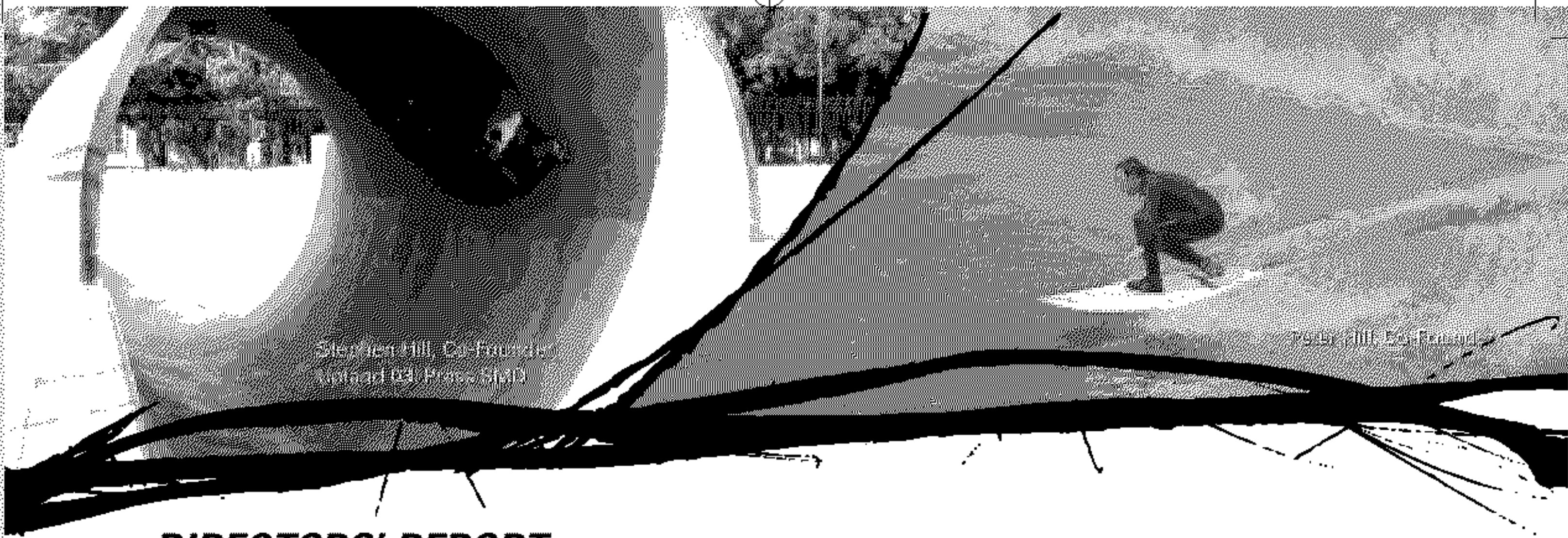
The main functions of the audit committee are to:

- review the annual audit plan with the external auditors;
- assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate;
- review the Company's preliminary final profit announcements annual report to shareholders with particular reference to the accounts and to other information required to be disclosed by statute and ASX Listing Rules; and
- review significant transactions which are not a normal part of the Company's business.

AUDITOR INDEPENDENCE

Globe complies with the principles stated by the Auditing and Assurance Standards Board of the Australian Accounting Research Foundation concerning auditor independence and has received from its auditors, Alexander and Spencer, a letter in the terms of Appendix 1 of the Audit and Assurance Alert No.11 issued by AARF in May 2002.


Mooks Summer 2003



DIRECTORS' REPORT

Your directors present their report on Globe International Limited ("the Company") and its controlled entities (collectively "Globe") for the year ended 30 June 2003.

DIRECTORS

The name and position of each director of the Company in office on the day on which the Directors' Report is made out are:

DIRECTOR	AGE	EXPERIENCE	DIRECTORS' INTERESTS IN ORDINARY SHARES
Paul Isherwood Non-Executive Chairman	64	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. Paul is also Chairman of Stadium Australia Management Limited and a Director of Munich Reinsurance Company of Australasia Limited, St George Bank Limited and NM Rothschild Australia Holdings Pty Limited. Paul is a member of the Audit committee.	1,065,000
Philip Brass Non-Executive Director	55	Philip Brass was appointed to the Board of Directors in May 2003. He is Chairman of N M Rothschild Australia Holdings Pty Limited and N M Rothschild & Sons (Hong Kong) Limited and is a Director of various Rothschild group companies. He is Chairman of UCMS Pty Ltd; and a Director of SecureNet Ltd. Mr Brass was the Managing Director of Pacific Dunlop Limited (1988-1996) and has extensive experience and expertise in the Australian retail consumer goods industry. He is an active member of a number of Australian and international industry and professional associations and has represented Australia at APEC Business Forums. He is also a past Chairman of the International Business Leaders' Advisory Council for the Mayor of Shanghai and since 1998 returns annually to Shanghai as an honorary council member. Philip is a member of the Company's Audit committee.	1,472,475
Norman O'Bryan SC Non-Executive Director	46	Norman O'Bryan was appointed to the Board of Directors in July 2002. He is a Senior Counsel at the Victorian Bar, President of the Baker Heart Research Institute and a Rhodes Scholar. Norman has written extensively on securities legislation in Australia and between 2001 and 2003, was Senior Counsel Assisting the HIH Royal Commission. Norman is Chairman of the Company's Audit committee.	1,106,750
Stephen Hill Executive Director	41	Stephen Hill co-founded Globe in 1984, remains a major shareholder in the business, and has extensive expertise in the development of growth initiatives and market positioning strategies for the Company. Stephen is a former champion skateboarder and remains an active participant in skateboarding with a particular emphasis on maintaining close contact with the culture of these sports.	121,312,810
Peter Hill Executive Director	39	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 action sports.	121,312,810

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the financial year were the design, development and distribution of youth fashion, footwear and skate equipment for the "Action Sports" market under both proprietary brands and other licensed and distributed brands.

No significant change in the nature of those activities has occurred during the period, other than by the acquisition of complementary entities and businesses referred to herein.

CHANGES IN STATE OF AFFAIRS

No changes in the state of affairs of Globe have occurred, other than those referred to under post balance date events below.

POST BALANCE DATE EVENTS

On 2 July 2003, the Company negotiated an extension of the payment period for the US$6.5 million Deferred Notes and US$5.9 million Subordinated Notes due under the terms of the Kubic Acquisition Agreement. All notes were originally repayable in three tranches up to July 2004. The extension has deferred the repayment over the period through January 2006.

DIVIDENDS

No dividends were declared for the year ended 30 June 2003.

SUMMARY OF OPERATIONS

The Group loss before interest, tax, depreciation and amortisation was $3.0 million. After write-downs to the carrying value of various trademarks, licences and goodwill, the net loss after tax was $59.7 million.

Total revenues were down across all territories, the largest reductions being in North America and in the International division. Despite a 45% fall in revenue, the International division traded profitably along with Australasia, albeit at levels significantly lower than last year.

The Group's cash flow was strong throughout the year seeing a substantial build up of cash reserves.

AUSTRALASIA (AUSTRALIA AND NEW ZEALAND)

Australasian revenue was $90.2 million, down 15.4% from the previous year. Australasian EBITDA margin reduced to 8.1% from 15.9% on the previous year. Action was taken during the last quarter with particular emphasis on driving cost efficiencies and re-focusing management on the strengths of the operation. As a result of these initiatives, a more concentrated and energetic approach to product development and marketing strategies is providing a solid platform for growth.

NORTH AMERICA

North American operations, comprising Globe shoes and apparel and the recently acquired Kubic, both performed poorly during the year. Globe North American sales were $29.3 million, down 56% from the previous year's record result. The total North American operations reported an EBITDA loss for the year of $12.9 million. Programs have recently been introduced that have rationalised and consolidated the operations and administration functions of both Globe North America and Kubic. Management has also been rationalised and re-focused, and the market positioning of all major brands has been reviewed. The total cost of this restructure has amounted to $3.7 million all of which has been taken up in the year's result. In addition, rigorous inventory reviews have resulted in specific one-off write-downs of $2.6 million.

Globe International Ltd acquired Kubic in July last year with the express intent of accessing Kubic's brands including World Industries, Blind, Darkstar, Tensor and Enjoi. Regrettably, this acquisition has failed to perform. Sales at $60.8 million were 45% below expectations with a particular decline in the second half of the financial year. As a result of the level of performance, the carrying value of purchased goodwill, licences and trademarks was assessed and written down by $51.6 million at 30 June 2003. In addition, successful negotiations have been completed to defer the repayment of purchased debt from 12 to 30 months.

The outcome of actions taken in North America have resulted in a tighter, more market and cost-focused structure that will position the business well for a return to profitability.

INTERNATIONAL

International Division (Europe, Asia, South America and South Africa) sales were $24.3 million, down 45% from the previous year's result. International Division EBITDA of $2.5 million was impacted by the decline in sales and bad debts written off from Japan and Norway during the first half of the year of $1.4 million. Changes in receivables risk management have been introduced, including changed credit terms and payment methods. This initiative has been very successful with no further significant bad debts being experienced.

Recent reviews have demonstrated a clear need to establish a stronger 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.

FUTURE DEVELOPMENTS

No further commentary on future developments is included in this report as the directors are of the opinion that such commentary would likely result in unreasonable prejudice to the economic entity.

MEETINGS OF DIRECTORS

Details of attendances by directors at board meetings and committees of the board during the financial year were as follows:

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Paul Isherwood	18	16	4	4
Philip Brass	2	2	1	1
Norman O'Bryan	18	16	4	4
Stephen Hill	18	18	N/A	N/A
Peter Hill	18	18	N/A	N/A
Robert Hershan (1)	4	4	1	1
Geoffrey Cousins (2)	9	9	3	3
Melvin Sutton (3)	7	7	2	1

(1) Robert Hershan resigned effective 31 Oct 2002
(2) Geoffrey Cousins resigned effective 3 Mar 2003
(3) Melvin Sutton resigned effective 5 Mar 2003

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

The terms and conditions for remuneration relating to the appointment and retirement of board members are approved by the board after receiving professional advice.

The remuneration and terms and conditions of employment for the chief executive officer and other senior executives are also reviewed and approved by the board after receiving professional advice. The board's policy is to determine the nature and amount of the emoluments of board members and senior executives of the Company after considering the advice received and taking into account the performance of the Company and of the relevant board member or senior executive.

DIRECTORS' AND EXECUTIVES' EMOLUMENTS (CONTINUED)

The emoluments of each director and each of the five executive officers receiving the highest emoluments are as follows:

NAME	SALARY $	DIRECTORS' FEES $	SUPERANNUATION $	OPTIONS (2) $	TOTAL $
Paul Isherwood	-	78,750	7,088	-	85,838
Peter Hill	3,283	-	296	-	3,579
Stephen Hill	2,867	-	258	-	3,125
Norman O'Bryan	-	21,248	45,515	-	66,763
Philip Brass	-	6,385	574	-	6,959
Robert Hershan	322,396	-	83,852	110,900	517,148
Geoff Cousins	-	94,831	6,750	-	101,581
Melvin Sutton	222,234	-	10,519	-	232,753

NAME	SALARY $	SUPERANNUATION $	OTHER BENEFITS $	OPTIONS (2) $	TOTAL $
John Sherwood (1)	423,787	-	16,864	44,360	485,011
Gary Valentine (1)	374,444	-	-	60,995	435,439
Frank Messmann (1)	399,647	-	22,485	-	422,132
Michael Sonand	356,321	13,679	-	50,630	420,630
Bob Sayre (1)	400,564	-	17,315	-	417,879

(1) North American based.

(2) The amounts disclosed for remuneration of directors/executive officers in the tables above include the assessed fair values of options granted/held by the directors/executive officers during the year ended 30 June 2003. Values have been independently determined using the binomial pricing model which takes into account the exercise price, the term of the option, expected dividend yield, volatility and the risk free rate for the term of the option.

OPTIONS

The Company has on issue 9,715,918 options under its Employee Share Option Plan at the date of this report. The option movements during the period are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT 1 JULY 2002	ISSUED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT 30 JUNE 2003
24-May-01	24-May-06	$ 1.00	9,732,645	-	376,958	629,769	8,725,918
9-Jan-02	9-Jan-07	$ 2.40	300,000	-	-	-	300,000
27-Jun-02	27-Jun-07	$ 1.53	100,000	-	-	-	100,000
1-Jul-02	1-Jul-07	$ 1.65	-	590,000	-	-	590,000
			10,132,645	590,000	376,958	629,769	9,715,918

The terms of the Employee Share Option Plan are as follows:

One option converts to one ordinary share. Staff eligible to participate in the plan are those who have been continuously employed by the consolidated entity for a period of at least one year. Options are awarded to employees based on past service and/or performance conditions.

The options are issued free of charge. They are exercisable over three years. One third of the options granted vest each year of employment completed. Other than the payment of the exercise price there are no other prerequisites for the exercise of the options.

Exercise price of the initial options was the 2001 initial public offer prospectus subscription price of $1.00 per share.

In respect of subsequent options issued the exercise price is the weighted average price of Globe ordinary shares for the period 5 days prior to the offer of the options.

Options expire after five years from the date of grant.

Options do not carry any voting, dividend or rights issues entitlement.

Any further issues of options under the Employee Share Option Plan have been suspended until the board has conducted a review of long-term incentives.

ENVIRONMENTAL REGULATIONS

The economic entity is not subject to particular or significant environmental regulation in respect of its activities.

INSURANCE OF OFFICERS

During the financial year, Globe paid a premium of $41,610 to insure the directors, secretary and officers of the Company.

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 proceedings.

Signed in accordance with a resolution of the board of directors.

Melbourne
Dated this 29 August 2003.

Paul Isherwood	Norman O'Bryan
Chairman	Director

Globe Team Rider Matt Mumford

STATEMENTS OF FINANCIAL PERFORMANCE for the year ended 30 June 2003

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
Revenue from ordinary activities	2	207,083	220,202	84,262	48,087
Less:					
Changes in inventories of finished goods and work in progress		13,967	1,380	3,941	(1,201)
Materials and consumables used		100,801	112,528	35,860	15,621
Employee benefits expense		31,150	18,304	10,938	7,154
Depreciation and amortisation expense	3	60,009	5,394	1,098	565
Borrowing costs expense	3	2,357	387	30	117
Selling, general and administrative expenses		63,616	44,315	33,240	13,618
Profit/(loss) from ordinary activities before income tax expense	4	(64,817)	37,894	(845)	12,213
Income tax expense/(benefit) relating to ordinary activities	4	(5,118)	12,827	(392)	1,710
Profit/(loss) from ordinary activities after related income tax expense		(59,699)	25,067	(453)	10,503
Profit from extraordinary items after related income tax		-	-	-	-
Net profit/(loss) attributable to members of Globe International Ltd	5	(59,699)	25,067	(453)	10,503
Net exchange difference on translation of financial report of self-sustaining foreign operations	6	(5,130)	(1,960)	(8,938)	(84)
Total revenues, expenses and valuation adjustments attributable to members of Globe International Ltd recognised directly in equity		(5,130)	(1,960)	(8,938)	(84)
Total changes in equity attributable to members of Globe International Ltd other than those resulting from transactions with owners as owners	7	(64,829)	23,107	(9,391)	10,419
Basic Earnings Per Share (cents per share)	8	(14.4)	6.9	-	-
Diluted Earnings Per Share (cents per share)	8	(14.4)	6.8	-	-

The above statements of financial performance should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION as at 30 June 2003

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current assets					
Cash	9	26,422	4,141	12,680	2,195
Receivables	10	27,640	51,266	15,703	7,419
Inventories	11	20,733	20,101	9,204	4,852
Other	17	6,225	3,550	4,185	1,140
Total current assets		81,020	79,058	41,772	15,606
Non current assets					
Receivables	10	-	-	53,084	52,856
Property, plant and equipment	12	7,775	5,463	3,707	3,585
Investments	13	502	45	80,300	54,626
Intangible assets	15	71,799	67,104	658	371
Deferred tax assets	16	8,652	1,487	1,326	726
Other	17	519	241	-	-
Total non current assets		89,247	74,340	139,075	112,164
Total assets		170,267	153,398	180,847	127,770
Current liabilities					
Accounts payable	18	10,647	11,238	4,385	3,676
Interest bearing liabilities	19	8,851	1,031	-	9,399
Current tax liabilities	20	3	8,991	-	1,913
Provisions	21	914	11,112	914	11,112
Total current liabilities		20,415	32,372	5,299	26,100
Non current liabilities					
Interest bearing liabilities	19	12,840	2,712	-	-
Deferred tax liabilities	20	528	21	136	21
Provisions	21	334	134	334	-
Total non current liabilities		13,702	2,867	470	21
Total liabilities		34,117	35,239	5,769	26,121
Net assets		136,150	118,159	175,078	101,649
Equity					
Contributed equity	22	184,067	101,247	184,067	101,247
Reserves	6	(5,905)	(775)	(9,022)	(84)
Retained profits/(losses)	5	(42,012)	17,687	33	486
Total equity	7	136,150	118,159	175,078	101,649

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS for the year ended 30 June 2003

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
Cash flows from operating activities					
Receipts from customers		241,784	193,249	94,296	28,429
Payments to suppliers and employees		(203,888)	(177,695)	(81,579)	(30,609)
Interest received		548	682	788	871
Interest and other costs of finance paid		(1,924)	(386)	(30)	(117)
Income taxes paid		(12,087)	(8,120)	(6,384)	(1,352)
Net cash provided by/(used in) operating activities	30(a)	24,433	7,730	7,091	(2,778)
Cash flows from investing activities					
Payment for property, plant and equipment		(5,286)	(2,821)	(765)	(2,859)
Payment for investments		(538)	(45)	-	-
Payment for acquisition of business		(52,100)	-	-	-
Net advances to controlled entities		-	-	(53,344)	(22,698)
Net repayments by director related entities		-	480	-	480
Payment for trademarks and other intangibles		-	(402)	-	-
Net cash used in investing activities		(57,924)	(2,788)	(54,109)	(25,077)
Cash flows from financing activities					
Proceeds from borrowings		-	3,622	-	148
Repayment of borrowings		(9,845)	(31,118)	(909)	-
Dividends paid (including pre-acquisition to minorities in controlled entities)		(10,352)	(4,734)	(10,352)	(4,734)
Proceeds from share issue		80,367	398	80,367	398
Cost of share issue, prospectus and initial listing		(2,352)	(151)	(2,352)	(151)
Net cash provided by/(used in) financing activities		57,818	(31,983)	66,754	(4,339)
Net increase/(decrease) in cash held		24,327	(27,041)	19,736	(32,194)
Cash at beginning of the financial year		4,141	31,317	(7,056)	25,138
Effect of exchange rates on cash holdings in foreign currencies		(2,046)	(135)	-	-
Cash at the end of the financial year	9	26,422	4,141	12,680	(7,056)

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

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report.

(a) Principles of Consolidation
The consolidated accounts comprise the accounts of Globe International Ltd ("Parent Entity") a company limited by shares, domiciled and incorporated in Australia, and all of its controlled entities. A controlled entity is any entity controlled by Globe International Ltd. Control exists where Globe International Ltd has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Globe International Ltd to achieve the objectives of Globe International Ltd. A list of controlled entities is contained in Note 14 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) Income Tax
The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income, are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits arising from timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits arising from tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the expectation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Foreign Currency Transactions and Balances
Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. The gains or losses arising from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities before income tax.

Hedging is undertaken in order to minimise possible adverse financial effects of movements in exchange rates on specific purchases of goods and services. Gains or costs arising upon entry into hedging transactions, together with subsequent exchange gains or losses resulting from those transactions are deferred to the date of the purchase and included in the measurement of the purchase.

The assets and liabilities of overseas controlled entities, which are self-sustaining, are translated using the current rate method. Gains and losses arising on translation are taken directly to foreign currency translation reserve.

(d) Acquisitions of Assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is 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 are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill is brought to account on the basis described in Note 1 (j).

(e) Revenue Recognition
Amounts disclosed as revenue are net of returns, trade allowances, goods and services tax (GST) and other taxes paid.

Revenue from a sale is recorded when goods have been despatched to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer.

Royalties are recognised in the period in which underlying sales are made by the licensee.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

(f) Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to inventory by the method most appropriate to each particular class of inventory, either on a first in, first out or average cost basis.

(g) Property, Plant and Equipment
Property, plant and equipment are carried at cost less accumulated depreciation or amortisation. Depreciation is calculated to write off the cost of each item over its expected useful life to the economic entity. The carrying amount of each item of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the employment of the asset in the normal course of business and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The expected useful lives for each class of depreciable assets are:

Class of Asset	Useful Life
Leasehold Improvements	Period of Lease
Motor Vehicles	7 years
Plant and Equipment	4-13 years
Office Equipment, Furniture and Fittings	4-15 years
Leased Assets	3-5 years

(h) Investments
Non-current investments are brought to account at cost or at directors' valuation. The carrying amount of each investment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount. The recoverable amount is assessed from the investment's current market value or the underlying net assets in the particular entities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(i) Leases
Finance leases are capitalised at the present value of the minimum lease payments. A corresponding lease liability is also established and each lease payment is allocated between the liability and the finance charges.

The leased asset is amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Leased assets held at the reporting date are being amortised over periods ranging from 3 to 5 years.

Operating lease payments are expensed as incurred.

(j) Intangible Assets
Goodwill
Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise, subject to a maximum of 20 years.

The directors have a policy of regularly reviewing the carrying value of goodwill and to the extent the value exceeds the recoverable amount, the decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the write-down occurs.

Trademarks, licences and other intellectual property
Trademarks and licences are brought to account at purchased cost or fair value as determined in accordance with Note 1(d), when the consideration is non-monetary. Trademarks and licences are amortised on a straight line basis over their expected useful life, presently between 10 to 20 years.

Expenditure incurred in maintaining trademarks, developing, maintaining or enhancing trade names, copyright and other

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

intellectual property including technical know-how, patents and registered designs, is written off against operating profit in the period in which it is incurred.

The directors have a policy of regularly reviewing the carrying value of each trademark and licence and to the extent the value exceeds the recoverable amount, the decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the write-down occurs.

(k) Employee Entitlements

Provision is made for the economic entity's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amounts. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(l) Cash

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 with less than 30 days to maturity.

(m) 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.

(n) Rounding of Amounts

The parent entity has applied relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial report have been rounded off to the nearest $1,000.

(o) Comparative Figures

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

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where the amount of GST is not recoverable.

Receivables and payables are stated at the GST inclusive amount.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable are classified as operating cash flows.

Capital commitments have been stated at the GST inclusive amount.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 2. REVENUE	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Revenue from operating activities				
Net sales	204,548	216,978	78,784	30,969
Royalty income	1,447	-	1,934	-
	205,995	216,978	80,718	30,969
Revenue from outside the operating activities				
Realised exchange gains	-	973	-	1,027
Interest income (i)	548	682	788	871
Other income	540	1,569	2,756	8,795
Dividends from related entities	-	-	-	6,425
	1,088	3,224	3,544	17,118
Total revenue from ordinary activities	207,083	220,202	84,262	48,087
(i) Interest received from:				
Related Entities	-	-	291	189
Other entities	548	682	497	682
Total interest income	548	682	788	871

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 3. PROFIT FROM ORDINARY ACTIVITIES	ECONOMIC ENTITY		PARENT ENTITY	
	2003	**2002**	**2003**	**2002**
Profit from ordinary activities before income tax includes the following	**$'000**	**$'000**	**$'000**	**$'000**
specific net gains and expenses:				
Net Gains				
Realised exchange gains	-	973	-	1,027
Expenses				
Cost of sales	115,418	115,677	41,802	15,121
Bad and doubtful debts	2,154	1,571	(45)	660
Borrowing costs				
Interest and finance charges paid	2,357	387	30	117
Depreciation				
Leasehold improvements	1,347	456	50	66
Motor vehicles	80	18	24	5
Plant and equipment	370	120	104	83
Office equipment, furniture and fittings	2,197	996	920	411
Total Depreciation	3,994	1,590	1,098	565
Write down of inventory to net realisable value	3,886	-	1,345	-
Amortisation				
Goodwill	35,592	2,136	-	-
Trademarks	19,893	1,236	-	-
Licences	530	432	-	-
Total Amortisation	56,015	3,804	-	-
Operating lease expenses				
Rent for premises	4,279	2,483	1,698	-
Remuneration of the auditors of the holding company	**2003**	**2002**	**2003**	**2002**
(in whole dollars)	**$**	**$**	**$**	**$**
- Audit of the holding company	255,000	240,000	255,000	240,000
- Audit of controlled entities	20,000	14,500	-	-
- Other services	23,000	90,000	23,000	50,000
	298,000	344,500	278,000	290,000
Remuneration of other auditors				
- Audit of controlled entities	275,000	451,150	-	-

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 4. INCOME TAX	ECONOMIC ENTITY		PARENT ENTITY	
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:	**2003 $'000**	**2002 $'000**	**2003 $'000**	**2002 $'000**
Profit from ordinary activities before income tax expense	(64,817)	37,894	(845)	12,213
Income tax calculated at 30%	(19,445)	11,368	(253)	3,664
Tax effect of permanent differences:				
Non deductible amortisation	16,025	852	-	-
Non allowable expenditures	67	73	6	17
Non assessable foreign currency translation	(30)	(56)	-	-
Deductible capital allowances	(145)	(31)	(145)	(31)
Fully franked dividend	-	-	-	(1,927)
Other	(193)	1	-	(4)
Over-provision prior years	(8)	(34)	-	(9)
Differences in tax on overseas income	(1,389)	654	-	-
Income tax expense/(benefit)	(5,118)	12,827	(392)	1,710

NOTE 5. RETAINED PROFITS/(LOSSES)	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
Retained profits at beginning of the financial year	17,687	7,706	486	5,069
Net profit attributable to the members of the parent entity	(59,699)	25,067	(453)	10,503
Dividends provided for or paid	-	(15,086)	-	(15,086)
Retained profits/(losses) at the reporting date	(42,012)	17,687	33	486

NOTE 6. FOREIGN CURRENCY TRANSLATION RESERVE	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
Foreign currency translation reserve at beginning of the financial year	(775)	1,185	(84)	-
Decrease recognised in statement of financial performance	(5,130)	(1,960)	(8,938)	(84)
Foreign currency translation reserve at the reporting date	(5,905)	(775)	(9,022)	(84)

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 7. EQUITY	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Total equity at the beginning of the financial year	118,159	109,891	101,649	106,069
Total changes in equity recognised in the statement of financial performance	(64,829)	23,107	(9,391)	10,419
Transactions with owners as owners:				
Contributions of equity	85,172	398	85,172	398
Dividends	-	(15,086)	-	(15,086)
Payment of costs associated with owner's equity contributions	(2,352)	(151)	(2,352)	(151)
Total equity at the reporting date	136,150	118,159	175,078	101,649

NOTE 8. EARNINGS PER SHARE	ECONOMIC ENTITY	
	2003	2002
Earnings used in calculation of basic earnings per share ($'000)	(59,699)	25,067
Basic earnings per share (cents per share)	(14.4)	6.9
The weighted average number of shares on issue during the year used in calculation of basic earnings per share	414,365,201	363,965,084
Earnings used in calculation of diluted earnings per share ($'000)	(59,699)	25,385
Diluted earnings per share (cents per share)	(14.4)	6.8
The weighted average number of shares on issue during the year used in calculation of diluted earnings per share	414,365,201	373,839,921

NOTE 9. CASH	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Cash at bank	20,125	4,141	6,383	2,195
Short dated bills of exchange	6,297	-	6,297	-
	26,422	4,141	12,680	2,195
Reconciliation of Cash				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:				
Cash	26,422	4,141	12,680	2,195
Bank overdraft	-	-	-	(9,251)
	26,422	4,141	12,680	(7,056)

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 10. RECEIVABLES	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
Current	$'000	$'000	$'000	$'000
Trade debtors	27,676	50,369	15,456	5,934
Less: Provision for doubtful debts	(1,245)	(1,783)	(550)	(650)
	26,431	48,586	14,906	5,284
Other debtors	1,209	2,680	797	2,135
	27,640	51,266	15,703	7,419
Non Current				
Amounts receivable from:				
Controlled entities (a)	-	-	53,084	52,856
	-	-	53,084	52,856

(a) An amount of $1.815 million is subordinated for the benefit of creditors of Osata Enterprises Inc.

NOTE 11. INVENTORIES	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Raw materials – at cost	2,725	1,734	464	818
Work in progress – at cost	525	278	525	221
Finished goods – at cost	8,836	18,089	2,568	3,813
Raw materials – at net realisable value	62	-	42	-
Finished goods – at net realisable value	8,585	-	5,605	-
	20,733	20,101	9,204	4,852

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 12. PROPERTY, PLANT AND EQUIPMENT	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Leasehold improvements – at cost	5,471	2,660	1,835	1,232
Less: accumulated depreciation	(1,470)	(643)	(325)	(67)
	4,001	2,017	1,510	1,165
Motor vehicles – at cost	421	100	167	33
Less: accumulated depreciation	(229)	(51)	(75)	(21)
	192	49	92	12
Plant and equipment – at cost	2,483	689	684	585
Less: accumulated depreciation	(1,283)	(152)	(241)	(85)
	1,200	537	443	500
Office equipment, furniture and fittings	5,962	4,966	3,569	2,369
Less: accumulated depreciation	(3,580)	(2,106)	(1,907)	(461)
	2,382	2,860	1,662	1,908
Total property, plant and equipment	7,775	5,463	3,707	3,585

Reconciliation of Movement in Carrying Values

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

	LEASEHOLD IMPROVEMENT	MOTOR VEHICLES	PLANT & EQUIPMENT	FURNITURE & FITTINGS (1)	TOTAL
	$'000	$'000	$'000	$'000	$'000
Carrying value at the beginning of financial year	2,017	49	537	2,860	5,463
Additions	4,284	150	495	1,204	6,133
Assets of entities acquired during the financial year	476	92	795	2,723	4,086
Foreign Currency Translation					
Gain/(loss) on Fixed Assets of overseas subsidiaries	(558)	(19)	(156)	(415)	(1,148)
Depreciation	(1,347)	(80)	(370)	(2,197)	(3,994)
Write off of fixed assets	(871)	-	(101)	(1,793)	(2,765)
Carrying value at the reporting date	4,001	192	1,200	2,382	7,775

(1) Includes leased computer systems.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 13. INVESTMENTS	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Shares in controlled entities (note 14) at cost	-	-	80,258	54,626
Investment in other entities	502	45	42	-
	502	45	80,300	54,626

NOTE 14. CONTROLLED ENTITIES	COUNTRY	OWNERSHIP INTEREST 2003 (%)	OWNERSHIP INTEREST 2002 (%)
Parent Entity:			
Globe International Ltd	Australia		
Controlled Entities of Globe International Ltd:			
Hardcore Enterprises Pty Ltd	Australia	100	100
Mooks Pty Ltd	Australia	100	100
Stussy Sista Pty Ltd	Australia	100	100
Globe International Nominees Pty Ltd	Australia	100	100
OPC Pty Ltd	Australia	100	100
Globe International (N.Z.) Ltd (a)	New Zealand	100	100
Stussy (Holdings) Pty Ltd	Australia	100	100
Globe Europe Aps	Denmark	100	-
Osata Enterprises, Inc. (b)	United States	100	100
Entities under the control of Stussy (Holdings) Pty Ltd			
Stussy (Australia) Pty Ltd	Australia	100	100
Entities under the control of Globe Europe ApS			
Globe Europe BV.	Netherlands	100	-
Entities under the control of Osata Enterprises Inc.			
Kuglobe Australia Pty Ltd	Australia	100	-
Kuglobe, Inc.	United States	100	100
Entities under the control of Kuglobe, Inc.			
Kubic Marketing, Inc. (b)	United States	100	-
Entities under the control of Kubic Marketing, Inc.			
Diaxis LLC (b)	United States	100	-
Skateboard World Industries, Inc. (b)	United States	100	-

a) Audited by CST Management Ltd

b) Audited by Altschuler, Melvoin and Glasser LLP

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 14. CONTROLLED ENTITIES (CONTINUED)

Acquisition of Controlled Entities

On 2 July 2002 the parent entity acquired 100% of the issued shares of Kubic. The operating results of the newly controlled entity have been included in the consolidated statement of financial performance since the date of acquisition.

In the event that certain pre-determined EBITDA targets are reached by the controlled entity for the year ended 30 June 2004, additional consideration of US$3.5 million is payable to former Kubic shareholders. Where the earnout is paid to key management, the earnout will be satisfied through the issue of Globe shares. At the date of this report no additional payments are anticipated.

Details of the acquisition are as follows:

	2003
	$'000
Purchase Consideration	68,594
Less: Consideration satisfied by the issue of Globe Ordinary Shares	(4,805)
Less: Deferred Notes Issued	(11,654)
Cash Consideration	52,135
Fair Value of Assets and Liabilities Acquired	
Receivables	9,177
Inventories	14,599
Prepaid Expenses	2,165
Other Current Assets	4,036
Deferred Income Taxes	1,800
Property, Plant and Equipment	4,086
Trademarks	28,636
Deposits and Other Assets	911
Trade Creditors and Accruals	(8,583)
Finance Leases	(248)
Bank Loan	(8,929)
Deferred Tax Liability	(559)
Subordinated Notes	(10,583)
Other Liabilities	(385)
Net Assets Acquired	36,123
Goodwill on Consolidation	32,471
	68,594

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 14. CONTROLLED ENTITIES (CONTINUED)

A deed of cross guarantee between Hardcore Enterprises Pty Ltd, Mooks Pty Ltd, Globe International Nominees Pty Ltd, Stussy (Australia) Pty Ltd, Stussy Sista Pty Ltd, Stussy (Holdings) Pty Ltd ("the subsidiaries") and Globe International Ltd was entered into on 29 June 2001 and relief was obtained from preparing financial statements for the subsidiaries under ASIC class order. Under the deed each entity guarantees to support the liabilities and obligations of the others. The Statements of Financial Performance for the year ended 30 June 2003 and Financial Position as at 30 June 2003 for the class group comprising Globe International Ltd. and the subsidiaries is as follows:

STATEMENT OF FINANCIAL PERFORMANCE	2003	2002
	$'000	$'000
Revenue from ordinary activities	108,562	145,689
Less:		
Changes in inventories of finished goods and work in progress	3,672	928
Materials and consumables used	50,594	71,356
Employee benefits expense	12,411	12,193
Depreciation and amortisation expense	4,817	4,104
Borrowing Costs expense	-	118
Selling, General and Administrative Expenses	39,055	26,909
Profit/(loss) from ordinary activities before income tax expense	(1,987)	30,081
Income tax expense relating to ordinary activities	85	9,652
Net profit/(loss) attributable to members of the closed group	(2,072)	20,429
Net exchange difference on translation of financial report of self-sustaining foreign operations	(15,261)	(593)
Total revenues, expenses and valuation adjustments attributable to members of the closed group recognised directly in equity	(15,261)	(593)
Total changes in equity attributable to members of the closed group other than those resulting from transactions with owners as owners	(17,333)	19,836

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 14. CONTROLLED ENTITIES (CONTINUED)

STATEMENT OF FINANCIAL POSITION	2003	2002
	$'000	$'000
Current assets		
Cash	20,305	76
Receivables	18,503	37,477
Inventories	9,895	13,567
Other	5,401	2,517
Total current assets	54,104	53,637
Non current assets		
Receivables	-	17,107
Property, plant and equipment	3,740	4,082
Investments	78,342	12,799
Intangible assets	50,907	54,467
Deferred tax assets	945	847
Total non current assets	133,934	89,302
Total assets	188,038	142,939
Current liabilities		
Accounts payable	7,007	8,738
Interest bearing liabilities	-	909
Current tax liabilities	155	8,049
Provisions	914	760
Total current liabilities	8,076	18,456
Non current liabilities		
Deferred tax liabilities	324	21
Provisions	334	134
Total non current liabilities	658	155
Total liabilities	8,734	18,611
Net assets	179,304	124,328
Equity		
Contributed equity	184,067	101,247
Reserves	(14,713)	548
Retained profits	9,950	22,533
Total equity	179,304	124,328

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 15. INTANGIBLE ASSETS	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Trademarks	52,054	24,800	658	371
Less: accumulated amortisation	(21,663)	(1,770)	-	-
	30,391	23,030	658	371
Licences	4,583	4,583	-	-
Less: accumulated amortisation	(1,100)	(570)	-	-
	3,483	4,013	-	-
Goodwill at cost	76,283	42,827	-	-
Less: accumulated amortisation	(38,358)	(2,766)	-	-
	37,925	40,061	-	-
Total intangibles	71,799	67,104	658	371

NOTE 16. DEFERRED TAX ASSETS	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Future income tax benefit attributable to timing differences	2,392	1,487	934	726
Future income tax benefit attributable to tax losses	6,260	-	392	-
	8,652	1,487	1,326	726

NOTE 17. OTHER ASSETS	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Prepayments	3,120	3,407	1,784	1,140
Trade deposits	23	143	-	-
Income Tax Refund Receivable	3,082	-	2,401	-
	6,225	3,550	4,185	1,140
Non current				
Prepayments	66	157	-	-
Trade Deposits	431	84	-	-
Deferred Expenses	22	-	-	-
	519	241	-	-

NOTE 18. ACCOUNTS PAYABLE	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Trade creditors	4,804	6,650	1,795	1,466
Other creditors and accruals	5,843	4,588	2,590	2,210
	10,647	11,238	4,385	3,676

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 19. INTEREST BEARING LIABILITIES – SECURED	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
Current	$'000	$'000	$'000	$'000
Bank Overdraft	-	-	-	9,251
Trade finance facility	-	910	-	148
Loans	8,651	-	-	-
Finance leases (Note 25)	200	121	-	-
	8,851	1,031	-	9,399
Non current				
Finance leases (Note 25)	-	75	-	-
Bank loan	-	2,637	-	-
Loans	12,840	-	-	-
	12,840	2,712	-	-

NOTE 20. TAX LIABILITIES	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
Current	$'000	$'000	$'000	$'000
Provision for income tax	3	8,991	-	1,913
Non current				
Deferred income tax	528	21	136	21

NOTE 21. PROVISIONS	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
Current	$'000	$'000	$'000	$'000
Dividend	-	10,352	-	10,352
Employee entitlements	914	760	914	760
	914	11,112	914	11,112
Non current				
Employee entitlements	334	134	334	-
	334	134	334	-
Aggregate employee entitlements liability	1,248	894	1,248	760
No. of employees at year-end	382	310	194	248

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 22. CONTRIBUTED EQUITY	NO. OF SHARES	ECONOMIC ENTITY		PARENT ENTITY	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
Paid-up Capital					
414,453,860 (2002-364,191,792) fully paid ordinary shares		184,067	101,247	184,067	101,247
Movements in contributed equity for the year					
Balance at beginning of year	364,191,792	101,247	101,000	101,247	101,000
Shares issued pursuant to exercise of employee options	376,958	367	398	367	398
Placement of Shares (private placement to raise funds for the acquisition of Kubic Marketing Inc.)	47,058,825	80,000	-	80,000	-
Issue of Shares (part consideration pursuant to the Kubic Acquisition Agreement)	2,826,285	4,805	-	4,805	-
Less: Transaction costs	-	2,352	151	2,352	151
Balance at the reporting date	414,453,860	184,067	101,247	184,067	101,247

NOTE 23. DIVIDENDS	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Interim fully franked ordinary dividend (nil 2003) (1.3 cents 2002)	-	4,734	-	4,734
Final fully franked ordinary dividend (nil 2003) (2.5 cents 2002)	-	10,352	-	10,352

NOTE 24. FRANKING ACCOUNT	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Franking account balance at 30% tax rate	10,842	4,340	2,286	3,081

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 25. CAPITAL AND LEASING COMMITMENTS	ECONOMIC ENTITY		PARENT ENTITY	
	2003	**2002**	**2003**	**2002**
(a) Finance lease commitments:	**$'000**	**$'000**	**$'000**	**$'000**
Payable				
- not later than 1 year	202	133	-	-
- later than 1 year, not later than 5 years	-	77	-	-
Minimum finance lease payments	202	210	-	-
Less: future finance charges	(2)	(14)	-	-
Finance lease liabilities	200	196	-	-
Included in the accounts as interest-bearing liabilities (Note 19):				
Current	200	121	-	-
Non current	-	75	-	-
	200	196	-	-
(b) Operating lease commitments:				
Non cancellable operating leases contracted for but not capitalised in the financial statements				
Payable				
- not later than 1 year	4,352	1,511	2,213	1,511
- later than 1 year but not later than 5 years	14,475	6,486	6,863	6,486
- later than 5 years	6,115	9,178	5,659	9,178
	24,942	17,175	14,735	17,175
(c) Capital expenditure commitments contracted:	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 26. REMUNERATION AND RETIREMENT BENEFITS

(a) Directors' Remuneration

The names of parent entity directors who have held office at anytime during the financial year are:

Paul Isherwood
Philip Brass
Norman O'Bryan
Stephen Hill
Peter Hill
Robert Hershan (1)
Geoffrey Cousins (2)
Melvin Sutton (3)

(1) Robert Hershan resigned on 31 October 2002
(2) Geoffrey Cousins resigned on 3 March 2003
(3) Melvin Sutton resigned 5 March 2003

	ECONOMIC ENTITY		PARENT ENTITY	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Income paid or payable to all directors of the parent entity by the parent entity and any related parties:	1,018	719	1,018	719
Number of parent entity directors whose income from the parent entity and any related parties was within the following bands:	Number	Number	Number	Number
$0 - $9,999	3	2	3	2
$20,000 - $29,999	-	-	-	-
$40,000 - $49,999	-	-	-	-
$50,000 - $59,999	-	1	-	1
$60,000 - $69,999	1	1	1	1
$80,000 - $89,999	1	-	1	-
$90,000 - $99,999	-	1	-	1
$100,000 - $109,999	1	-	1	-
$230,000 - $239,000	1	-	1	-
$500,000 - $509,999	-	1	-	1
$510,000 - $519,999	1	-	1	-

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 26. REMUNERATION AND RETIREMENT BENEFITS (CONTINUED)

(b) Executives' remuneration	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Remuneration received or due and receivable by Australian-based executive officers (other than executive directors) of the economic entity, from entities in the economic entity and any related entities for management of the affairs of the economic entity whose income is $100,000 or more:	2,334	1,931	2,334	1,931
The number of executives whose income was within the following bands:	Number	Number	Number	Number
$100,000 - $109,999	-	2	-	2
$110,000 - $119,999	-	1	-	1
$120,000 - $129,999	1	1	1	1
$130,000 - $139,999	2	3	2	3
$140,000 - $149,999	-	2	-	2
$150,000 - $159,999	1	2	1	2
$160,000 - $169,999	1	-	1	-
$170,000 - $179,999	3	-	3	-
$190,000 - $199,999	2	-	2	-
$220,000 - $229,999	-	1	-	1
$230,000 - $239,999	-	1	-	-
$270,000 - $279,999	1	-	1	-
$420,000 - $429,999	1	-	1	-

(c) Employee Share Option Plan (ESOP)

The terms of the Employee Share Option Plan are as follows:

One option converts to one ordinary share. Staff eligible to participate in the plan are those who have been continuously employed by the consolidated entity for a period of at least one year. Options are awarded to employees based on past service and/or performance conditions.

The options are issued free of charge. They are exercisable over three years. One third of the options granted vest each year of employment completed. Other than the payment of the exercise price there are no other prerequisites for the exercise of the options.

Exercise price of the initial options was the 2001 initial public offer prospectus subscription price of $1.00 per share.

In respect of subsequent options issued the exercise price will be the weighted average price of Globe International Limited ordinary shares for the period 5 days prior to the offer of the options.

Options expire after five years from the date of grant.

Options do not carry any voting, dividend or rights issues entitlement.

Further issues of options under the Employee Share Option Plan have been suspended until a review of long-term incentives is conducted by the board.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 26. REMUNERATION AND RETIREMENT BENEFITS (CONTINUED)

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT 1 JULY 2002	ISSUED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT 30 JUNE 2003
24-May-01	24-May-06	$ 1.00	9,732,645	-	376,958	629,769	8,725,918
9-Jan-02	9-Jan-07	$ 2.40	300,000	-	-	-	300,000
27-Jun-02	27-Jun-07	$ 1.53	100,000	-	-	-	100,000
1-Jul-02	1-Jul-07	$ 1.65	-	590,000	-	-	590,000
			10,132,645	590,000	376,958	629,769	9,715,918

Options exercised during the financial year and number of shares issued to employees on the exercise of options.

EXERCISE DATE	NUMBER OF OPTIONS EXERCISED	EXERCISE PRICE	PROCEEDS RECEIVED	FAIR VALUE PER SHARE (1)
11-Sep-02	116,200	$ 1.00	112,251	$ 1.61
1-Oct-02	239,458	$ 1.00	239,458	$ 1.43
1-Oct-02	17,000	$ 1.00	-	$ 1.43
2-Oct-02	4,300	$ 1.00	4,300	$ 1.30
	376,958		356,009	

(1) The fair value of the shares issued as a result of options being exercised is the closing market price of the Company's shares as quoted on the Australian Stock Exchange (ASX) on the date the options are exercised.

NOTE 27. RELATED PARTY DISCLOSURES	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
Rent of office buildings/warehouse	27 (c) (i)	33	190	33	190
Promotional work carried out by director related entities	27 (c) (ii)	311	295	311	295
Sale of goods to director related entities		-	485	-	485
Professional services carried out by director related entities		-	167	-	167

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 27. RELATED PARTY DISCLOSURES (CONTINUED)

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties not disclosed elsewhere in this financial report are as follows:

(a) Directors

The names of parent entity directors who have held office during all of the past two financial years unless otherwise stated:

Paul Isherwood, Peter Hill, Stephen Hill, Norman O'Bryan, Philip Brass, Robert Hershan, (resigned 31 October 2002), Geoffrey Cousins (resigned 3 March 2003) , Melvin Sutton (resigned 5 March 2003) and Samantha Moystn (resigned 10 April 2002).

(b) Directors' Shareholdings

Directors and director related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the economic entity:

Globe International Limited	Number
- ordinary shares	246,269,845

(c) Directors and Director Related Entities

(i) Peter and Stephen Hill were directors of the Company throughout the financial period.

Peter and Stephen Hill are both directors of Osaka Enterprises Pty Ltd. The Company rents property from this entity on commercial terms and during the financial year ended 30 June 2003, the Company paid rent to the entity of $33,000.

(ii) Peter and Stephen Hill are both directors of Whyte House Productions Pty. Ltd.

During the financial year ended 30 June 2003, the Company paid $220,000 for Global Management Services provided by Whyte House Productions Pty Ltd and $90,943 for video production and promotions work.

(d) Transactions with Related Parties in the Wholly-Owned Group.

During the financial year the parent entity and controlled entities entered into the following transactions with related parties, which were wholly owned at any time during the year.

- Loans were advanced and repayments received on long-term intercompany accounts.
- Interest was charged on outstanding intercompany balances.
- Salary and related cost recharges were made by a related and subsequently controlled entity.
- Provision of marketing and logistics services by a related and subsequently controlled entity.
- Management fees were received from a controlled entity.
- Royalties were received from a controlled entity.

Payments for intercompany transactions are made through the intercompany loan accounts, which are subject to extended payment terms.

Amounts payable and receivable from parties in the wholly-owned group are set out in the notes to these accounts.

The ownership interests in related parties in the economic entity are disclosed in Note 14.

All transactions with controlled entities have been eliminated on consolidation.

(e) Ultimate Controlling Entity

The ultimate controlling entity is Globe International Ltd.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 28. SUPERANNUATION COMMITMENTS

The Company and its controlled entities contribute to various company and industry superannuation fund plans. 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 of the Company and its controlled entities are based on negotiated agreements with employees or employee groups.

NOTE 29: FINANCIAL REPORTING BY SEGMENTS

Industry Segment

The economic entity operates predominantly in the Action Sports footwear, apparel and accessories market.

2003 Geographical Segments	AUSTRALASIA	NORTH AMERICA	REST OF THE WORLD	UNALLOCATED	TOTAL
	$'000	$'000	$'000	$'000	$'000
Sales to customers outside the consolidated entity	90,181	76,476	37,891	-	204,548
Other Revenue	1,237	1,298	-	-	2,535
Total Revenue	91,418	77,774	37,891	-	207,083
Segment Result (EBITDA)	7,341	(16,074)	5,734	-	(2,999)
Less: depreciation	1,149	2,830	15	-	3,994
Less: amortisation of goodwill	-	33,455	-	2,137	35,592
Less: amortisation of intangibles	1,270	18,184	969	-	20,423
Less: net interest paid (received)	(433)	2,242	-	-	1,809
Operating Profit/(Loss) Before Tax	5,355	(72,785)	4,750	(2,137)	(64,817)
Consolidated Profit/(Loss) Before Tax					(64,817)
Less: Tax Benefit					(5,118)
Consolidated Operating Loss After Tax					(59,699)
Segment Assets	60,402	42,554	29,386	37,925	170,267
Segment Liabilities	6,195	27,456	466	-	34,117
Acquisition of property, plant and equipment and other non-current segment assets	1,420	46	4,667	-	6,133
Depreciation and Amortisation	2,419	54,469	984	2,137	60,009

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 29: FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

2002 Geographical Segments	AUSTRALASIA	NORTH AMERICA	REST OF THE WORLD	UNALLOCATED	TOTAL
	$'000	$'000	$'000	$'000	$'000
Sales to customers outside the consolidated entity	106,430	66,570	43,978	-	216,978
Other Revenue	2,908	288	28	-	3,224
Total Revenue	109,338	66,858	44,006	-	220,202
Segment Result (EBITDA)	16,949	12,349	13,695	-	42,993
Less: depreciation	1,006	584	-	-	1,590
Less: amortisation goodwill	-	-	-	2,136	2,136
Less: amortisation intangibles	708	-	960	-	1,668
Less: net interest paid (received)	(532)	265	(28)	-	(295)
Operating Profit/(Loss) Before Tax	15,767	11,500	12,763	2,136	37,894
Consolidated Profit Before Tax					37,894
Less: Tax Expense					12,827
Consolidated Operating/(Loss) Profit After Tax					25,067
Segment Assets	44,480	33,995	34,862	40,061	153,398
Segment Liabilities	24,911	3,093	7,235	-	35,239
Acquisition of property, plant and equipment and other non-current segment assets	2,901	612	-	-	3,513
Depreciation and Amortisation	1,714	584	960	2,136	5,394

Intersegment Transactions

Segment Revenue and Operating Profit Before Tax excludes the effect of the following material inter-segment transfers which are eliminated on consolidation

	2003	2002
	$'000	$'000
Payments to Australasia from North America	1,933	4,848
Payments due to North America from Australasia	7,367	-

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 30. NOTES TO THE STATEMENTS OF CASH FLOWS	ECONOMIC ENTITY		PARENT ENTITY	
(a) Reconciliation of net cash provided by operating activities to profit from ordinary activities after income tax	**2003 $'000**	**2002 $'000**	**2003 $'000**	**2002 $'000**
Operating profit after taxation	(59,699)	25,067	(453)	10,503
Loss on disposal of non current assets	2,212	46	40	-
Depreciation of non current assets	3,994	1,590	1,098	565
Amortisation of non current assets	56,015	3,804	-	-
Charges to other provisions	2,443	1,256	245	650
Dividends receivable	-	-	-	(6,425)
Foreign currency translation	(8,081)	-	-	-
Changes in net asset and liabilities:				
(Increase)/Decrease in current receivables	31,332	(24,013)	5,902	(7,855)
(Increase)/Decrease in inventory	13,967	1,380	3,942	(1,201)
(Increase)/Decrease in prepayments/deposits	4,686	(961)	634	(590)
(Increase)/Decrease in other current assets	3,464	(843)	681	(58)
Increase/(Decrease) in creditors / provisions / accruals	(25,900)	404	(4,998)	1,633
Net cash provided by operating activities	24,433	7,730	7,091	(2,778)
(b) Finance facilities				
Credit standby arrangements:				
Secured bank overdraft facility:				
- amount used	1,799	-	-	-
- amount unused	22,108	5,355	7,566	-
	23,907	5,355	7,566	-
Other bank facilities				
- amount used	-	-	-	-
- amount unused	-	7,497	-	-
	-	7497	-	-
Letters of credit				
- amount used	4,082	1,647	2,434	-
- amount unused	-	-	-	-
	4,082	1,647	2,434	-

NOTE 31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Letters of credit

Letters of credit executed and outstanding at balance date amount to $4.1 million. These relate to purchase of inventory during the 2003/2004 financial year.

Kubic Earnout

Additional earnout payments to Kubic's former shareholders are due in the event that specific earnings targets are achieved by Kubic in the year ended 30 June 2004. Assuming the maximum hurdle (US$11.5 million EBITDA) is met the contingent liability is US$3.5 million.

Other

An entity controlled by Peter and Stephen Hill has been informed by the Australian Taxation Office ("ATO") that a loss which it incurred in 1999 may be disallowed as a deduction. As the entity was then a wholly-owned subsidiary under the grouping provisions, the loss was transferred to

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

Die Hard Pty Ltd (now Globe International Limited "Globe") in the 1999 year of income. The entity disputes the ATO's position. To date no amended assessments have been issued. Peter and Stephen Hill have indemnified Globe against any cost which may arise out of this transaction. Accordingly the directors are of the opinion that Globe will not suffer any financial detriment in respect of this matter.

NOTE 32. POST BALANCE DATE EVENTS

On 2 July 2003 the company negotiated an extension of the payment period for the US$6.5 million Deferred Notes and US$5.9 million Subordinated Notes due under the terms of the Kubic Acquisition Agreement. All notes were originally repayable in three tranches up to July 2004. The extension has deferred the repayment over the period through January 2006.

NOTE 33. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2003 ($'000)	AVERAGE INTEREST RATE (%)	FLOATING INTEREST RATE	1 YEAR OR LESS	OVER 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	NON-INTEREST BEARING	TOTAL
Financial assets							
Cash	2.8%	20,232	-	-	-	6,190	26,422
Trade receivables	N/A	-	-	-	-	26,431	26,431
Tax Assets	N/A	-	-	-	-	11,734	11,734
Other receivables	N/A	-	-	-	-	1,209	1,209
		20,232	-	-	-	45,564	65,796
Financial liabilities							
Interest bearing liabilities	8.2%	-	8,651	12,840	-	-	21,491
Accounts payable	N/A	-	-	-	-	10,647	10,647
Lease liabilities	8.6%	-	200	-	-	-	200
Employee entitlements	N/A	-	-	-	-	1,248	1,248
Tax liabilities	N/A	-	-	-	-	531	531
		-	8,851	12,840	-	12,426	34,117
2002 ($'000)							
Financial assets							
Cash	4.5%	4,141		-	-	-	4,141
Trade receivables	N/A	-		-	-	48,586	48,586
Other receivables	N/A	-		-	-	2,680	2,680
		4,141		-	-	51,266	55,407
Financial liabilities							
Interest bearing liabilities	6.0%	910	-	2,637	-	-	3,547
Accounts payable	N/A	-	-	-	-	11,238	11,238
Lease liabilities	8.6%	-	121	75	-	-	196
Employee entitlements	N/A	-	-	-	-	894	894
Tax liabilities	N/A	-	-	-	-	9,012	9,012
		910	121	2,712	-	21,144	24,887

NOTES TO THE FINANCIAL STATEMENTS 30 June 2003

NOTE 33. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Off Balance Sheet Derivative Financial Instruments

The economic entity enters into forward exchange contracts to minimise the possible adverse financial effects of movements in exchange rates on specific purchases of goods and services. Gains or costs arising upon entry into such hedging transactions, together with subsequent exchange gains or losses resulting from those transactions, are deferred up to the date of the purchase and included in the measurement of the purchase.

Details of outstanding contracts as at 30 June 2003 are as follows:

	Buy US$'000	Maturity	Average Exchange Rate	Sell A$'000
2003	2,917	0 - 6 mths	0.641	4,552
2002	28,000 (1)	0 - 6 mths	0.56	50,000

(1) Hedge relates to the USD funding commitment in relation to settlement of Kubic acquisition.

(c) Credit Risk Exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

Except for the following concentrations of credit risks, the economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

The following table details the economic entity's maximum credit risk exposure as at the reporting date without taking account of the value of any collateral or other security obtained:

Financial assets	Maximum credit risk	
	2003	2002
	$'000	$'000
Trade receivables	26,431	50,369
Other receivables	1,209	2,680

(d) Net Fair Value of Financial Assets and Liabilities

The economic entity's financial assets and liabilities reported as assets and liabilities in the Statements of Financial Position are carried at amounts that approximate net fair value.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes, as set out on pages 27 to 55:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the Company's and economic entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001;

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

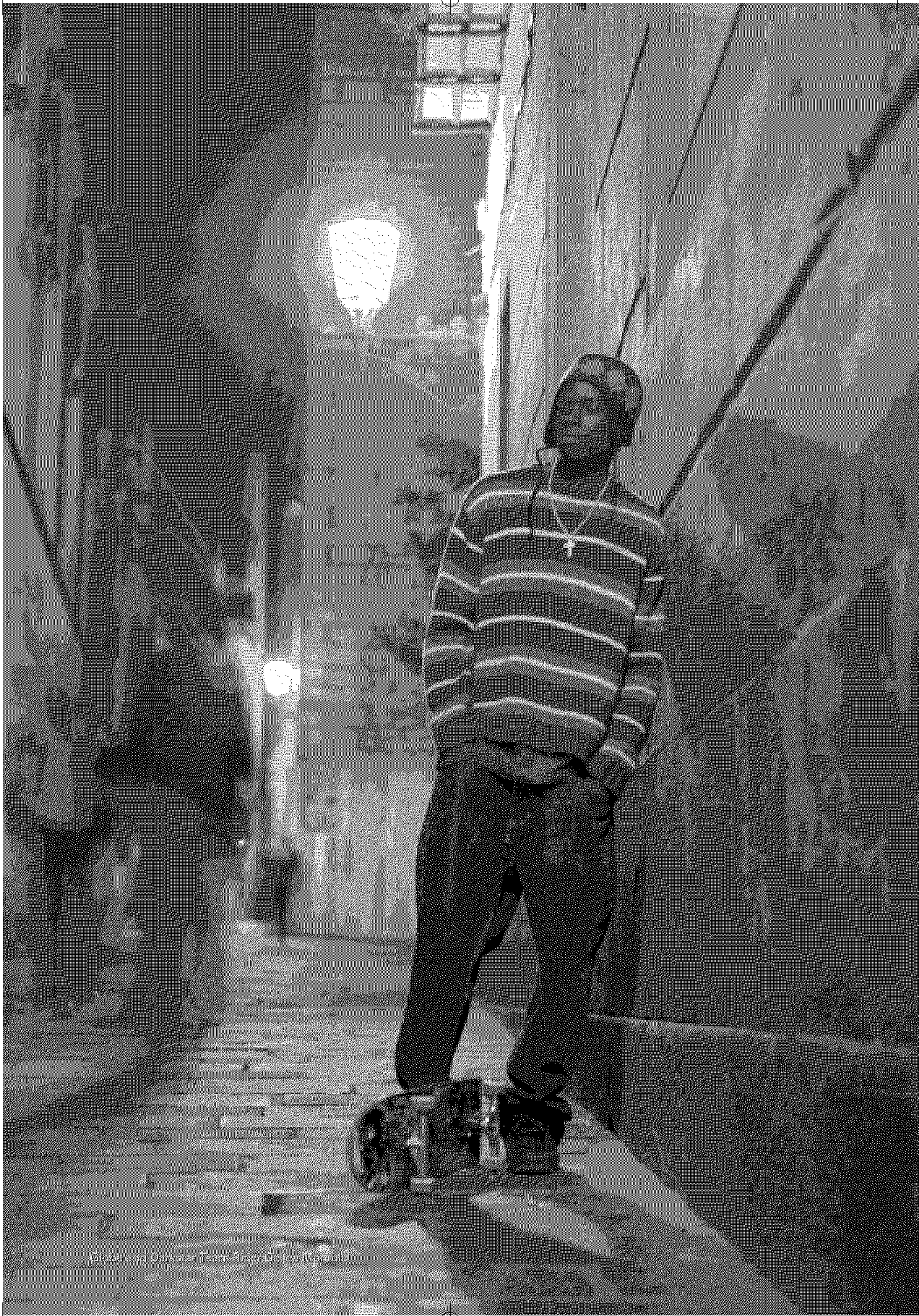
(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 14 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 14.

This declaration is made in accordance with a resolution of the board of directors.

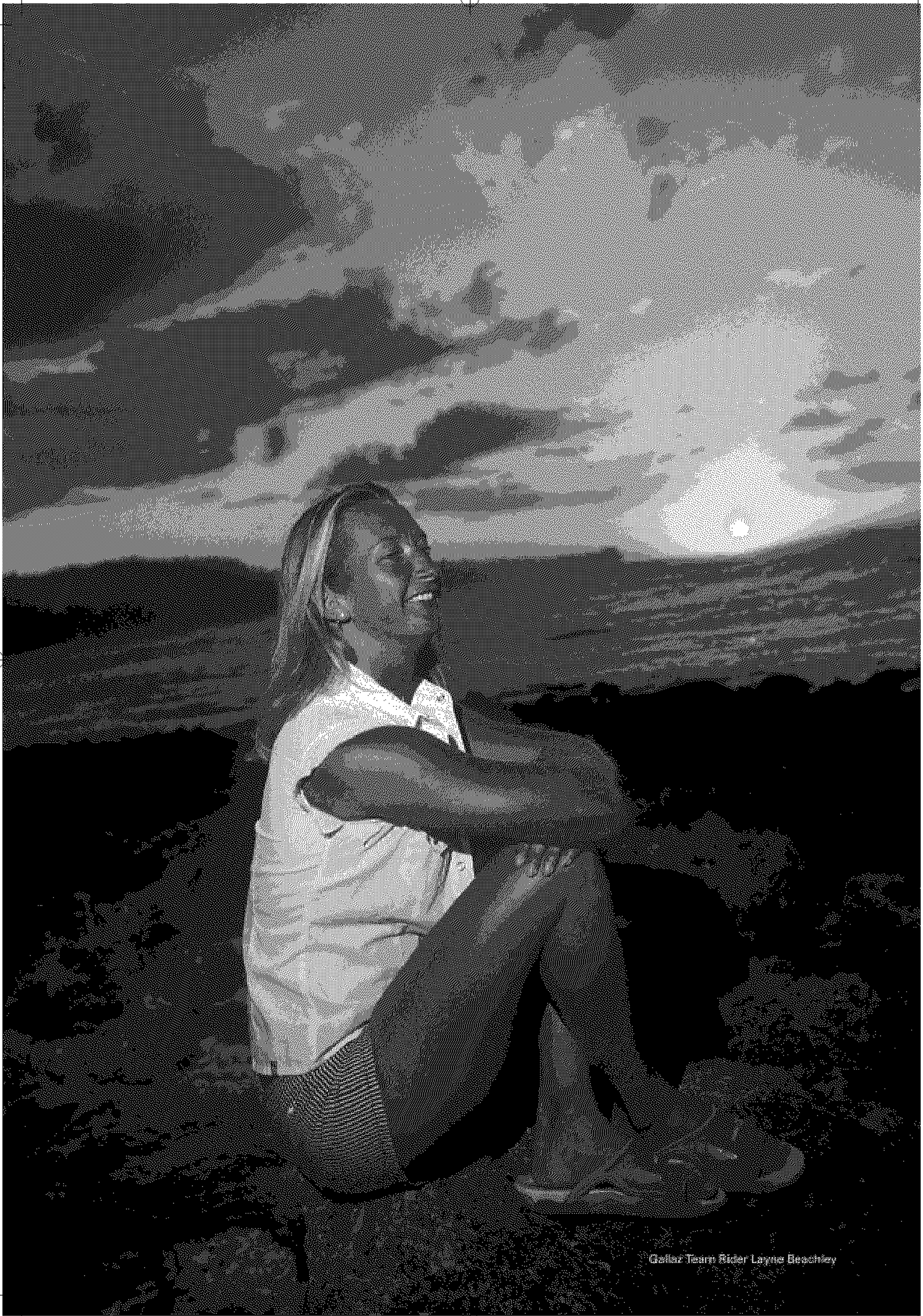
Dated this 29 August 2003

Paul Isherwood
Chairman

Norman O'Bryan
Director



Globe and Darkstar Team Rider Gailea Momolu



Gallaz Team Rider Layne Beachley

INDEPENDENT AUDITORS' REPORT

Alexander & Spencer
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBE INTERNATIONAL LIMITED

Scope

The financial report and directors' responsibility.

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Globe International Limited and controlled entities for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Globe International Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003, and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Alexander & Spencer

Alexander & Spencer
Chartered Accountants
Melbourne 29 August 2003

G T Lavelle
Partner

STOCK EXCHANGE AND INVESTOR INFORMATION

The shareholder information set out below was applicable as at 15 August 2003

TOP 20 SHAREHOLDERS	NUMBER OF FULLY PAID ORDINARY SHARES	PERCENTAGE OF ISSUED SHARES
Smersh Pty Ltd/ P Hill Group	121,312,810	29.30%
Smersh Pty Ltd/ S Hill Group	121,312,810	29.30%
Merrill Lynch (Australia) Nominees Pty Ltd	15,321,040	3.70%
Matthew Patrick Hill	12,762,189	3.08%
National Nominees Ltd	7,263,056	1.75%
Bow Lane Nominees Pty Ltd	5,087,358	1.23%
Moggs Creek Pty Ltd	4,735,082	1.14%
Westpac Custodian Nominees Ltd	3,392,059	0.82%
Permanent Nominees (Aust) Ltd	2,500,000	0.60%
Mr Douglas Zappelli	2,500,000	0.60%
JP Morgan Nominees Australia Ltd	2,459,196	0.59%
Poly Town Pty Ltd	1,501,005	0.36%
Pacific Securities Inc	1,500,000	0.36%
Pomegranate Pty Ltd	1,472,475	0.36%
Best Buys Pty Ltd	1,300,000	0.31%
Chemical Trustee Ltd	1,250,000	0.30%
UBS Private Clients Australia	1,233,500	0.30%
Managed Developments Pty Ltd	1,050,000	0.25%
Noysy Pty Ltd	1,050,250	0.25%
City and Westminster Ltd	1,000,000	0.24%
Top 20	310,002,830	74.87%
Total Issued Capital	414,453,860	100.00%
SUBSTANTIAL SHAREHOLDERS		
Peter Hill		29.30%
Stephen Hill		29.30%

STOCK EXCHANGE AND INVESTOR INFORMATION

DISTRIBUTION OF SHAREHOLDERS	NUMBER OF HOLDERS	NUMBER OF SHARES
1 - 1000 shares	610	417,031
1,001 - 5,000 shares	1,887	5,761,527
5,001 - 10,000 shares	1,115	9,590,166
10,001 - 100,000 shares	1,631	52,500,934
100,001 - and over shares	164	346,184,202
Total	5,407	414,453,860
No. with less than a marketable parcel	838	

UNQUOTED EQUITY SECURITIES

The Company has on issue 9,715,918 options under its employee share option plan at the date of this report. One option converts to one ordinary share. Staff eligible to participate in the plan are those who have been continuously employed by the consolidated entity for a period of at least one year. Options are awarded to employees based on past service and/or performance conditions. The options are issued free of charge. They are exercisable over three years. One third of the options granted vest each year of employment completed. Other than the payment of the exercise price there are no other prerequisites for the exercise of the options. Exercise price of the initial options was the 2001 initial public offer prospectus subscription price of $1.00 per share. In respect of subsequent options issued the exercise price is the weighted average price of Globe ordinary shares for the period 5 days prior to the offer of the options. Options expire after five years from the date of grant. Options do not carry any voting, dividend or rights issues entitlement.

ONLINE SHAREHOLDER SERVICES

Did you know that you can access, and even update, information about your holdings in Globe via the Internet. Visit ASX Perpetual's website www.asxperpetual.com.au and access a wide variety of holding information, make some changes online or download forms.

- 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.
- Check transaction and dividend history.
- Enter your email address.
- Check the share prices and graphs.
- Download a variety of instruction forms.
- Subscribe to email announcements.

You can access this information via a security login 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).

CONTACT INFORMATION

You can contact the Globe share registry by calling 1300 55 44 74.

Globe Team Rider CJ Hobgood

COMPANY PARTICULARS

DIRECTORS

Paul Isherwood	Non-Executive Chairman
Philip Brass	Non-Executive Director
Norman O'Bryan	Non-Executive Director
Stephen Hill	Executive Director
Peter Hill	Executive Director

SENIOR MANAGEMENT

Michael Sonand	Chief Executive Officer
Stephen Kelly	Chief Financial Officer
Matt Hill	Global Strategic Development
Harry Truscott	President Australasia
Gary Valentine	President Globe North America
Rob Valerio	President Kubic North America
Matt Wong	President Footwear
Gary Hunt	President Apparel
John Dickinson	Vice President Licensing and Chief Operating Officer North America
Bob Sayre	Vice President Strategic Apparel

ANNUAL GENERAL MEETING

The Annual General Meeting of Globe International Ltd
will be held at Globe Head Office
300 Lorimer Street, Port Melbourne, VIC 3207
Time: 3.00pm
Date: Wednesday 29 October 2003

PRINCIPAL REGISTERED OFFICE

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Melbourne VIC 3000

BANKERS

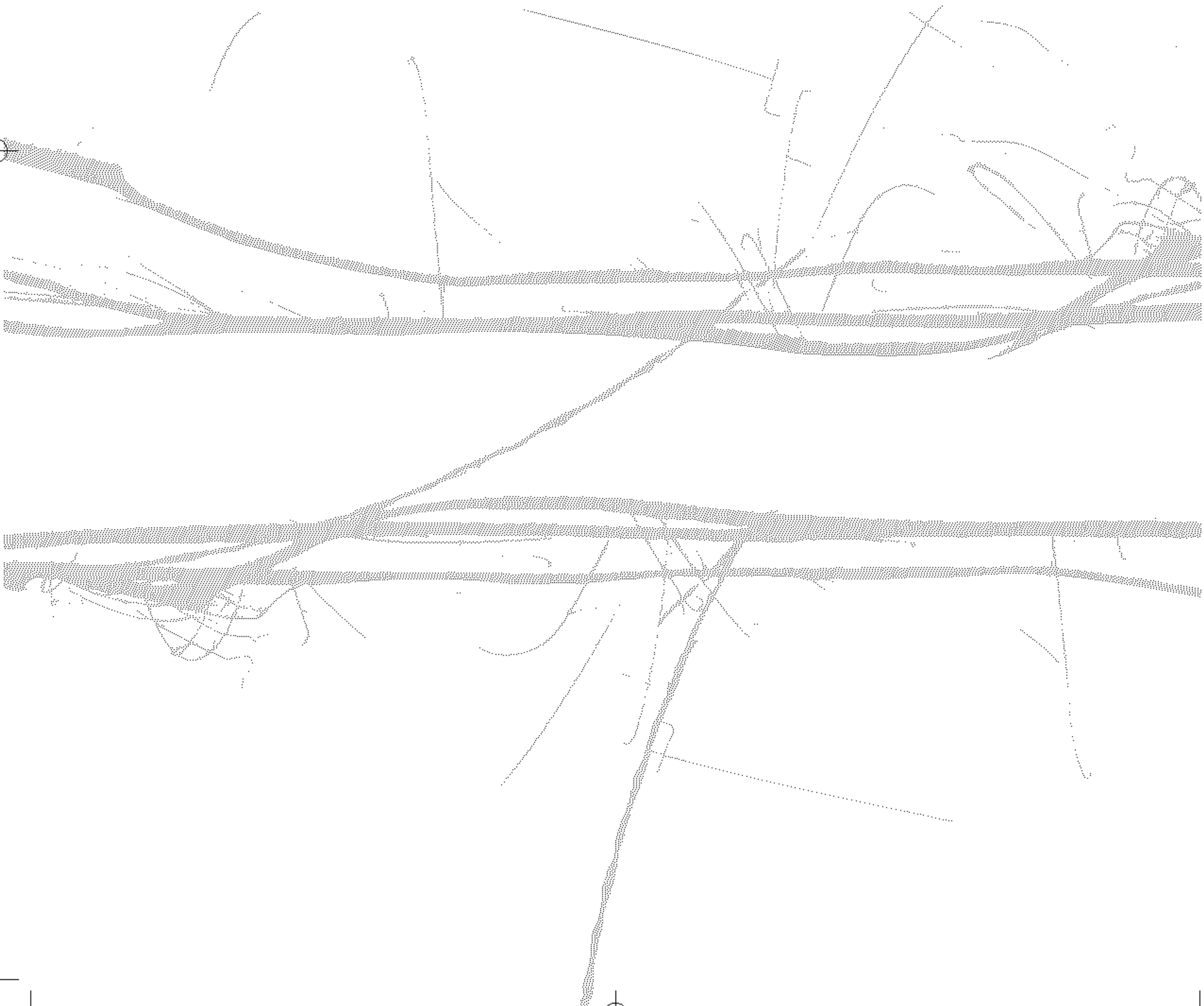
Westpac Banking Corporation
Level 9
360 Collins Street
Melbourne VIC 3000

WEBSITES

Corporate Website:
www.globecorporate.com
Feedback Website:
www.globefeedback.com

STOCK EXCHANGE LISTINGS

Globe International Ltd shares are listed on the Australian Stock Exchange. Ticker: GLB



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