



GLOBE INTERNATIONAL
2006 Annual General Meeting

16 November 2006

Paul Isherwood, Chairman - ADDRESS TO SHAREHOLDERS

Ladies and Gentlemen

Thank you for joining my fellow Directors and me today at the sixth Annual General Meeting of Globe International as a public company. What I would like to do over the next few minutes is cover the results for the previous 12 months, talk a bit about the logic behind our recently announced decision to sell our Streetwear Division to Pacific Brands, and then call upon our Chief Executive Officer, Matt Hill, to expand further on this divestment decision and also to outline the business strategy for the year ahead.

At last year's Annual General Meeting of the Company, I explained to shareholders that first and foremost Globe is a boardsports and youth culture company, and that all our efforts were committed to returning the business to its core values and in enhancing shareholder value. Twelve months later, this is still strongly the case.

At this time last year I also explained how the first weeks of the then new financial year were proving to be tough, particularly in the North American market, and unfortunately these early signs proved to be an accurate forecast for the first quarter.

As it subsequently transpired, earnings for the year were in fact badly impacted by this first quarter in North America, and whilst there was a significant and applaudable turnaround in the second half, it was insufficient to achieve our previously forecast goals. The prime reason behind the first quarter in North America was as a result of the market being flat, particularly in hardgoods, and this is always a

sector of the market that gets particularly hit anytime there is a drop off in consumer sentiment.

In addition to these external factors, the Company was also the victim of a rapid shift in consumer preferences in the footwear market. It is pleasing therefore to be able to report that since that time, the performance of Globe in North America has turned around significantly, and in fact for the year, the business sold more pairs of footwear in that market than ever before in the Company's history.

Further, the decision that the Company took to change footwear manufacturers also had a detrimental one-off cost associated with it, but the new arrangements that are now successfully operating will have an earnings positive effect in the years ahead.

Notwithstanding these financial setbacks, total revenues for the Company for the financial year remained stable, and it was particularly pleasing to see that there was a significant turnaround in the Company's net operating cash flow for the year from a negative \$7.4 million in the previous year to a positive \$2.9million.

Whilst the earnings for the company were clearly unsatisfactory for the year, it is encouraging to be able to report that costs are being well managed, the Company has very little net debt, and that the marketing spend is targeted and strategic.

In a couple of minutes I will call upon our CEO, Matt Hill, to talk more about issues that have occurred subsequent to the end of the financial year, which importantly includes the proposed sale of the Company's streetwear business to Pacific Brands. I would like to say however that this decision to divest Streetwear is fully supported by the Board and will result in a much simpler and focused business going forward that will be able concentrate all of its efforts into the boardsports apparel and footwear sector.

Whilst Matt will talk in more detail about what this will mean, it is important that I put into context the decision making process that lead the Company to this point.

In February this year we announced that the Company was undertaking a strategic review of the entire business. The reason behind this review was primarily to examine ways in which shareholder value could be enhanced in a more rapid manner than what was currently occurring. Whilst a lot of good work has been undertaken in the last two years to provide the strongest possible foundations for growth, the Directors were of the view that it could be some time before the outcome of these initiatives were reflected in enhanced shareholder value. As a result, the Board considered it prudent to examine all available options to hasten this process.

After much consideration, we came to the conclusion that future growth opportunities would clearly come in the boardsports sector of the business, and as a result, the Board embraced management's recommendations to return the business to its core base and divest the streetwear business. We retained the Sage Group to assist in this process, and ultimately they were successful in reaching agreement with Pacific Brands.

As I've said, Matt will talk more about the structure of the business going forward, but let me say that the Directors are delighted that our Streetwear brands have proven to be attractive to a company such as Pacific Brands.

At this stage, the Board has not deliberated to any great degree on the utilization of the funds that will come available as a result of the sale. However, as always, our starting point is that any decision must satisfy our requirement that shareholder value is enhanced.

The opportunity that Globe now has in front of it for growth in its core market is both exciting and challenging. The opportunity to do what it does best is an opportunity that will be grasped by Directors, management and our worldwide team as our efforts to grow shareholder value continues.

On behalf of the board I would like to thank Matt Hill and his team who have worked tirelessly this year with the sole aim of increasing shareholder value.

I would also like to thank my fellow Directors for their significant contribution throughout the year and I would particularly like to thank Norman O'Bryan, who due to work commitments, will not be standing for re-election this year as Director. Norman's wise counsel will be sadly missed and on behalf of Directors and shareholders, I would like to express my deepest thanks to Norman.

I would now like to call upon Matt to address the meeting.



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MATT HILL, CEO - ADDRESS TO SHAREHOLDERS

Thank you Paul

Ladies and Gentlemen

Today I would like to talk about the vision for Globe and in particular, how this will be shaped following the recently announced sale of our Streetwear Division to Pacific Brands. I do need to emphasize at this point, that the sale is still subject to a number of conditions, however both Globe and Pacific Brands are confident that remaining matters can be satisfactorily concluded in the very near future.

Once the transaction is completed, we will then rapidly move to the next stage of Globe International's development.

Going forward, Globe will be a nimble and clearly prioritized global boardsports company. Globe will focus strongly on the core business of skate and surf, with highly respected proprietary brands operating on a world scale and, most importantly, we will enter this phase in a solid financial position.

As Paul has already touched upon, the decision we have taken to refocus the Company has come about as a result of a comprehensive strategic review of the entire business. This review identified that clear worldwide growth opportunities existed for the company primarily in the branded footwear and apparel boardsports market. As a consequence, the decision was then taken to actively seek a buyer for the streetwear business, and I am delighted that we were able to reach agreement with such a strong "natural owner" of the division as Pacific Brands.

Under Pacific Brands ownership, the streetwear brands, and the people associated with them, will continue to grow, and I believe they are assured of a strong future.

Last year, we openly acknowledged that our business had stalled and that it was time for change. Subsequently, over the past 12 months, we have been focused on executing that change and re-positioning the company to be ready for growth, in a simpler, more streamlined structure.

The company will now hold less brands and have more analogous operations in each region, facilitating more consistent global management, more focused creative energies and certain economies of scale together with the removal of duplicative spends and overhead.

In addition, it is time to capitalize on the recent investments in the Globe brand, including the endorsement of internationally acclaimed athletes and events as well as development of new markets and product. The Globe brand which is at the cornerstone of the company's heritage and future will now be afforded the attention required for long term growth and development with the purpose of ultimately enhancing shareholder value.

All involved with Globe - employees, suppliers, customers and shareholders know that there is still much to be done and much to be achieved. The brand is younger than its relevant competitors and is extremely well positioned in all major worldwide boardsports markets.

In North America, Europe and Australia the Globe brand remains at the forefront in footwear, however the challenge in all markets for us now is to leverage this brand equity into not only further footwear sales, but other categories such as apparel and to capitalize on the market presence that we have developed as a result of our recent initiatives. Now it's about our ability to convert our market understanding and investments into sales and bottom line profit growth.

To that end, I am particularly encouraged by recent developments in Europe that have seen the UK, Austria, and Spain show good progress under the company's recently introduced direct distribution model, with both chain and independent retailers showing strong support for the brand in markets that offer such potential. In North America we are continuing to build sound relationships with major retailers and we have recovered strongly in this market after our poor first quarter last year. In Australia, opportunities for growth in surf and skate apparel abound and the recent new ranges that we have introduced have been enthusiastically accepted.

I am also pleased to be able to advise that the financial performance of the company in the first quarter of this financial year is ahead of the corresponding period last year. It is not possible at this stage to provide earnings guidance, given the incomplete nature of the transaction with Pacific Brands. However, it is expected that a much clearer picture will be available at the time of the reporting of our first half result in early 2007.

In conclusion, Globe was built on knowing our market, staying ahead of the curve, and following our instincts. In recent years the company has struggled due to structural complexities and a lack of focus. With these recently announced changes, together with improving financial performance, we are more focused and determined than ever and the company is now well poised to achieve what I know we are capable of. With a much simpler business model and a return to our core business that we know so well, I am excited by the future for Globe.