



GLOBE INTERNATIONAL LTD  
ABN 65 007 066 033

2 May 2007

## Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of

### **Globe International Limited**

will be held at The Theatrette, Level 1,  
530 Collins Street, Melbourne 3000  
on Friday, 1 June 2007 commencing at 2.00pm AEST.

### **Agenda**

#### **1. Return of Capital and Share Consolidation**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of:

- (a) section 256B of the Corporations Act 2001, and for all other purposes, the Company reduces its share capital on an equal basis by \$32 million by returning the amount of \$0.0772 for each fully paid ordinary share on issue at 7 pm on Friday, 8 June 2007; and
- (b) section 254H of the Corporations Act 2001, and for all other purposes, the Company approves the consolidation of every 10 shares on issue at 7pm on Friday, 8 June 2007 into 1 ordinary share, with fractions of a share being rounded to the nearest whole number, exact half shares being rounded up and post consolidation holdings of less than one being rounded up. The consolidation takes effect on Monday, 18 June 2007".

By order of the Board

Gerhard Correa  
Company Secretary

# EXPLANATORY NOTES

## 1. Voting

Ordinary resolutions require the support of more than 50% of those shareholders voting in person, by proxy, representative or attorney.

This resolution will be decided in the first instance by a show of hands. A poll may be demanded in accordance with the Company's constitution.

On the show of hands, every shareholder who is present in person or by proxy, representative or attorney, will have one vote.

## 2. Voting entitlement

The directors have determined that, for the purpose of voting at the meeting, shares will be taken to be held by the registered holder at 7.00pm on 30 May 2007.

## 3. Proxies

A member who is entitled to attend and vote at the Extraordinary General Meeting may appoint a proxy. A proxy need not be a member. A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act 2001; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If satisfactory evidence of appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy;

If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes.

The proxy form (and, if the appointment is signed by the appointer's attorney, the authority under which it was signed or a certified copy of the authority) must be received by the Company's share registry, Link Market Services Limited, by 2.00pm AEST on 30 May 2007.

The completed proxy form may be:

Mailed or delivered to the Company's share registry, Link Market Services Limited at:

### Street Address:

Level 12, 680 George Street  
SYDNEY NSW 2000

### Postal Address:

Locked Bag A14  
SYDNEY SOUTH NSW 1235

**Faxed** to Link Market Services Limited on Fax: +61 (0)2 9287 0309

## 4. Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act 2001 in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act 2001. The Certificate must be lodged with the Company before the meeting or at the registration desk on the day of the meeting. The Company will retain the certificate.

## 5. Reduction of capital

The following notes provide the shareholders of the Company, with an explanation of the component of the resolution to be proposed and considered at the meeting:

### 5.1 Background

On 20 February 2007, the Company completed the sale of its streetwear division to Pacific Brands for \$ 41.2 million.

The Company now proposes a return of capital to its shareholders of \$0.0772 per share. This will equate to a total capital return of \$32 million based on an issued capital of 414.6 million shares.

## **5.2 Reasons for the proposed capital return**

The board has decided to return to shareholders \$32 million of capital which it considers excess to the Company's needs. In arriving at this decision to return capital to shareholders the board considered a number of matters including the following

- Future working capital needs of the Company to fund growth.
- Transaction and restructuring costs related to the sale of the streetwear division and the strategic review.
- Funding of future acquisitions. The board are of the opinion that as and when opportunities arise for future acquisitions these will be funded from a combination of internally generated funds and debt.

## **6. Taxation implications for shareholders**

There may be tax consequences to shareholders. Shareholders should seek their own independent financial advice before deciding how they wish to vote

### **6.1 Capital ruling application**

The Company has applied for a class ruling from the Australian Taxation Office ("ATO") in relation to the tax treatment of the capital return for its Australian resident shareholders who hold their shares on capital account. In the ruling application, the Company has submitted that the payment should be treated as a capital return.

However, the ATO has the discretion to treat some or all of the amount returned as dividend. This Company has received a draft ruling from the ATO the contents of which are confidential. It is anticipated that a final ruling will be received prior to the Extraordinary General Meeting.

If the class ruling is issued in accordance with the Company's ruling application, the capital return should not be treated as a dividend for Australian income tax purposes. However, if the ATO treats any part of the capital return as a dividend for Australian income tax purposes, that dividend will be assessable income in the hands of Australian tax residents and will be unfranked. As the dividend will be unfranked, the Company will be required to deduct and remit withholding tax from the amount of the deemed dividend paid to non-resident shareholders and Australian tax residents who have not quoted their Tax File Number ("TFN").

The Company recommends that shareholders who have not previously provided their TFN to the Company's share registry do so, via the Link Market Services website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) before the payment record date.

### **6.2 Capital gains tax (CGT)**

A general description of the Australian tax consequences that arise for shareholders as a result of the capital return if the class ruling is issued in accordance with the Company's ruling application are as follows.

#### **(a) Australian resident shareholders**

##### **(i) Capital return less than cost base**

Where the capital return is less than the cost base of the Company's shares for CGT purposes, there will not be a realized capital gain from the return. The cost base of the Company's shares will be reduced by the amount of the capital return.

##### **(ii) Capital return exceeds cost base**

Where the capital return is greater than the cost base the Company's shares there will be a realized capital gain to the extent that the capital return exceeds the cost base of the shares for CGT purposes. In this case, shareholders should obtain their own advice on the amount of any capital gain to be included in their taxable income.

The above general description does not apply to shareholders who hold the Company's shares on revenue account or as trading stock.

#### **(b) Non – resident shareholders**

Non resident shareholders will be liable for Australian CGT in respect of the capital return if they had used their shares in the Company in carrying on a business through a permanent establishment in Australia. Shareholders who are not residents of Australia for tax purposes should seek their own advice in relation to tax consequences arising from the capital return under the laws of their country of residence.

## **7. Key dates - Return of Capital**

The proposed time table for the capital return is as follows:

Meeting of Members	1 June 2007
Ex Date	4 June 2007
Record Date	8 June 2007
Payment Date	18 June 2007

## **8. Share Consolidation**

This component of the resolution seeks to consolidate the Company's share capital in a ratio of 1 share for every 10 shares held.

If passed, this will result in the issued capital of the Company reducing from 414.6 million shares to 41.5 million shares. Individual holdings will be reduced in accordance with the consolidation ratio. The share consolidation will take effect after the entitlements to the return of capital have been determined.

This proposal requires shareholder approval by ordinary resolution under section 254H of the Corporations Act.

In addition, compared to its peers listed on the ASX, the Company has an abnormally high number of shares on issue compared to its market capitalisation. The board believe that the share consolidation will establish a share price that is more appropriate for a listed entity of the Company's size.

As the consolidation applies equally to all members (subject only to the rounding of fractions), it will have no material effect on the percentage interest of each member in the Company. Furthermore, the aggregate value of each member's proportional interest in the Company should not materially change solely as a result of the consolidation (the only changes will be immaterial due to rounding).

Theoretically, the per share market price of each share following the consolidation should increase 10 times its current value. In reality, the actual effect on the per share market price will depend on a number of factors outside the control of the Company, and the market price following consolidation may be higher or lower than the theoretical post-consolidation price.

The proposed consolidation, if approved by shareholders, will take effect on Monday, 18 June 2007. Post consolidation shares will trade on a deferred settlement basis from the business day immediately following the date of the meeting and will trade on an ordinary settlement basis (T + 3) from Tuesday, 19 June 2007.

The directors believe that the consolidation is fair and reasonable to the Company's shareholders as a whole, and that it will not prejudice the Company's ability to pay its creditors. The consolidation will have no tax implications for members whose shares are consolidated.

## **9. Key dates – Share consolidation**

The proposed time table for the share consolidation is as follows:

Meeting of Members	1 June 2007
Last date for shareholders to register interest on pre-reorganised basis -Record Date	8 June 2007
Despatch of holding statements	18 June 2007

## **10. Board recommendation**

The board unanimously recommends that shareholders vote in favour of the resolution.