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ASX ANNOUNCEMENT

BILLABONG ACQUIRES US SKATEBOARD COMPANY

GOLD COAST, 2 July 2008: Billabong International Limited today announced the acquisition of Sector 9, a premium Southern California-based skateboard brand.

Sector 9 was founded in 1994 and has emerged as a market leader in the design and manufacture of skate longboards, a fast-growing niche segment within the skateboard market.

Billabong International Limited Chief Executive Officer Derek O'Neill said Sector 9 operated in the specialty boardsports channel with a unique product offering.

"Sector 9's products, primarily its longboards, really differentiate it from other brands in the boardsports channel and have appeal to surfers, skateboarders and the broader youth market," said Mr O'Neill.

"The company has not only proved the viability of the longboard segment, it has experienced sustained growth over the past decade and has become synonymous with the California boardsport lifestyle."

Co-founders and owners Steve Lake and Dennis Telfer and co-owner Dave Klimkiewicz are being retained as part of the acquisition in their current roles.

Mr Lake, Sector 9's President, said he was excited by the prospect of teaming with a boardsports industry leader.

"While Sector 9 continues to maintain solid growth in the US, we are most excited at the prospect of combining our brand's growing international awareness with Billabong's proven global distribution network," said Mr Lake.

The purchase of Sector 9 includes its Gullwing skateboard trucks brand.

The bulk of Sector 9's revenues are generated by skateboard and associated hardgoods sales, while apparel is a small but emerging category.

Sector 9 operates a vertical business model, with its primary design, manufacturing and distribution all based in San Diego.

Sector 9 is expected to contribute approximately 2% to Billabong International Limited's sales in the 2008-09 financial year. The acquisition is expected to be earnings per share accretive in year one.

**Maria Manning
Company Secretary**